

# *The* NATIONAL UNDERWRITER

## REINSURANCE

EUROPEAN GENERAL  
REINSURANCE COMPANY,  
LTD.  
of London, England



ESTABLISHED 1911

CASUALTY  
FIDELITY  
SURETY

UNITED STATES BRANCH • 99 JOHN STREET • NEW YORK  
T. L. HAFF, U. S. MANAGER E. BRANDLI, ASST. U. S. MANAGER

THURSDAY, NOVEMBER 29, 1945

**"Business worries aren't my only concern . . .  
I have the public to think about, too!"**



**1** "I can't personally usher every one who visits us in and out of our elevators. Yet if someone is injured, the firm can be sued!"



**NATIONAL ADVERTISING**  
like this paves the way  
for Agents to sell  
more Liability  
Insurance.  
Why not  
try it?



**2** "What if one of our hand trucks bumps a bystander? I can't possibly check up on the alertness of every employee—but my company could be responsible!"



**3** "There's always some user who won't follow directions on our product. This could lead to lawsuits which would cost us money, whether the claim is just or not."

You, as the head of a business, can't possibly prevent losses from damage suits—but your insurance can! The above possible mishaps, and many others, can now be covered by one broad insurance policy—Indemnity Insurance Company of North America's

Blanket Liability Policy for manufacturers.

Ask your own Agent or Broker about it. He will show you how this all-in-one-package policy completely protects your liability to the public at the lowest possible cost.

*Insurance Company of North America, founded 1792, oldest American stock fire and marine insurance company, heads the North America Companies which write practically all types of Fire, Marine, Automobile, Casualty and Accident insurance through your own Agent or Broker. North America Agents are listed in local Classified Telephone Directories.*



**INSURANCE COMPANY OF  
NORTH AMERICA**  
COMPANIES, *Philadelphia*

INSURANCE COMPANY OF NORTH AMERICA • INDEMNITY INSURANCE COMPANY OF NORTH AMERICA • CENTRAL INSURANCE COMPANY OF BALTIMORE  
THE ALLIANCE INSURANCE COMPANY OF PHILADELPHIA • NATIONAL SECURITY INSURANCE COMPANY • PHILADELPHIA FIRE AND MARINE INSURANCE COMPANY

# What changes a few years can bring!



Yes, a few years can make a big difference in things... and it's well not to be caught fooling yourself.

For example, consider this situation: Mr. X knew the 1945 value of his home was \$5,000 or \$6,000 more than it was several years ago. Yet he neglected to increase his fire insurance correspondingly.

Obviously Mr. X was fooling himself. When his property was destroyed by fire, his insurance coverage was insufficient...and he suffered a heavy personal loss.

How about your house? Has your fire insurance been brought up-to-date? Now is none too soon to consult your local insurance agent or broker. A representative of the Aetna Insurance Group will be glad to give you expert advice on this subject. If additional insurance protection appears advisable, it can be arranged in a few minutes—at very small cost.

It also contributes to your peace of mind to know that when your insurance is with a capital stock company such as those comprising the Aetna Insurance Group, it is backed by both a paid-in capital and surplus. You are never liable for assessment.

MEMO

## TO BROKERS AND AGENTS

No insurance problem of today is more important than that of insurance to value. This advertisement shows how the Aetna Insurance Group is cooperating with you in emphasizing this subject to the public. It appears—in color—in the December 10th issue of *Time*—the weekly news magazine. The Aetna Insurance Group, W. Ross McCain, Pres.

DON'T GUESS ABOUT INSURANCE—CONSULT YOUR LOCAL AGENT OR BROKER



# Aetna Insurance Group

HARTFORD, CONNECTICUT

Listen to  
EARL GODWIN  
American Broadcasting  
Company

Thursdays 8:15 p.m., E.S.T.

AETNA INSURANCE CO. • THE WORLD FIRE & MARINE INSURANCE CO. • THE CENTURY INDEMNITY CO.  
PIEDMONT FIRE INSURANCE CO. • STANDARD INSURANCE CO. OF N. Y. • STANDARD SURETY & CASUALTY CO. OF N. Y.





## LET'S NOT DO HALF A JOB

**T**HE WAR IS OVER, but *our* job is not...not yet. The Bonds you have already bought have fulfilled their promise of Victory. But though wars may end suddenly, their effects are felt for some time...one mighty effort, therefore, remains to us.

Money is needed *now*: to bring back the men who have been fighting in the far corners of the world — to pay for the medical care of the wounded, and for the myriad other expenses incidental to winning a great and terrible struggle. Money is also needed to restore that final ingredient of peace...to return the men to peaceful occupations in the land they left.

The best way to provide that money is through the purchase of Victory Bonds. That's why our government is counting on you to complete the task by supporting this one last great drive—the Victory Loan. Talk the Victory Loan...advise the purchase of Victory Bonds...and *buy all the Bonds you can, yourself, now.*



☆ THE HOME ☆  
*Insurance Company*  
NEW YORK

FIRE • AUTOMOBILE • MARINE

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## Fine Arts Loading Cut 50%; 10% Free Floater Cover Given

### Slash Breakage Rates on Amounts Over \$5,000 —Other Changes Made

Rate reductions of just about 50% and important liberalization of rules have been put into effect by Inland Marine Underwriters Association companies effective Nov. 15 in all states except Connecticut, Florida, New Mexico, New York, Tennessee and Kansas.

In protected territory the new loading rate for the first \$10,000 of cover is 12 cents as compared with 25 cents heretofore; for the next \$15,000 the new rate is 8 cents, old 15; next \$75,000, now 4 cents, was 7½.

In the past the rates for amounts of \$100,000 and more were determined by committee action whereas now the entire schedule is in the book. For the next \$200,000 over the first \$100,000 the rate is now 1½ cents; next \$200,000 is 1 cent, next \$300,000 ½ cent and for amounts of \$800,000 or more the loading is 1 cent for the entire policy.

The new rates for unprotected territory in the comparable coverage brackets are 18 cents, 12, 6, 2¼, 1½, ¾ cent and for amounts of \$800,000 or more 1½ cents across the board.

### 10% Floater Cover for Free

Another change provided that each policyholder may have granted to him automatic floater coverage throughout the United States and Canada for specified items with values up to 10% of the amount of insurance. Heretofore, for any floater coverage, it was necessary to pay the floater rate and special charges.

Then it is also provided that now floater coverage may be purchased at reduced rates for amounts excess of 10% of the policy amount up to 50%.

For the first \$5,000 of such excess floater coverage the city rate is 50 cents, state rate 62½ cents, and U. S. and Canada 75 cents. For the next \$20,000 the comparable rates are 20 cents, 30 and 40; next \$50,000, 10 cents, 15 and 20 and over \$75,000, 5 cents, 10 and 15.

For floater coverage of more than 50% of the policy amount, the regular floater rates must be charged, they being 1% for city 1¼% for state and 1½% for U.S.-Canada. Those rates are unchanged.

There has been a reduction in breakage rates for amounts in excess of \$5,000. Up to \$5,000 the rate remains at 37½ cents, but for the next \$20,000 it is cut to 20 cents, next \$50,000 it is 10 cents, and over \$75,000 it is 5 cents.

For art glass windows the charge is now the building rate plus the loading instead of the contents fire rate plus loading. Also on such windows there is no additional charge for breakage cover. In the past the breakage charge has been 37½ cents.

Another innovation is a new acquisition endorsement whereunder coverage is extended to additional items acquired during the policy term up to 25% of the amount of the policy with the provision that such additions must be reported to the insurer within 90 days and a full premium paid thereon from the date of acquisition at pro rata of the policy rate.

## Changes Ill. Rule; Right to Sue Not Confined to State

SPRINGFIELD, ILL.—In a case involving actions brought by policyholders of predecessor companies of Franklin Life of Springfield, the Illinois supreme court held that actions of this sort, where the solvency of the insurance company is not challenged, may be brought by the interested individuals and are not exclusively reserved by the insurance code to the insurance department. The court turned down a mandamus action brought in the name of Insurance Director Parkinson against Circuit Judge A. C. Williams of Menard county, in whose court the suit is pending, which asked that the suit be quashed.

This case may be an important interpretation of the Illinois insurance code, as it apparently annuls the previous Illinois supreme court decision in the Benefit Association of Railway Employees case, which held that the insurance director had the sole right to bring an action aimed at ousting the management of a company. Justice Wilson, the sole dissenter in the B.A.R.E. case, delivered the opinion in the Franklin Life case, which was unanimous.

### Old Franklin Consolidations

The solvency of Franklin Life was not questioned in this suit and the present management is not directly involved. The case involves claims by several classes of all policyholders that they had not received a fair distribution of dividends and other benefits under policies issued prior to 1910.

The company was formed in 1884 as Franklin Life Association. In 1898, this was consolidated with Peoples Life and the present name adopted. In 1910 Franklin Life was consolidated with La Salle Life. From 1898 to 1910, Franklin Life issued both participating and non-participating policies.

One of the complainants, Elmer Boker, is executor of the will of John C. Boker, who had a participating policy issued when Franklin Life was a mutual company, and other complainants represent other classes of policyholders under the former organizations. A lengthy complaint alleges that the funds set up for the various classes of old policyholders was mishandled and they did not receive their share of benefits, although there is no allegation that the company itself was ever insolvent. The complaint asked for an accounting and an order rectifying these alleged abuses.

The mandamus action charged that this suit, which the Menard county circuit court had ordered referred to a master in chancery, would require transportation of thousands of pages of records to Menard county and the attendance of many officers and employees at hearings and would gravely disrupt the business of the company, would interfere with the exercise of supervision by the insurance department and the release, if granted, would upset the capital structure of Franklin Life and interfere with the prosecution of its business.

In rejecting the mandamus action, Justice Wilson said that section 201 of the Illinois code "is directed primarily against action 'representing a direct effort to obstruct or terminate the prosecution of the company's business with the public . . . and against orders or decrees providing administrative release in the form of receivership, liquidation or rehabilitation of the company.'" The opinion says, however, that this section does not restrain actions based upon contractual rights, that the insurance code gives the insurance director sole supervision over receiverships, liquidation and rehabilitation proceedings, but

## Industry Group Has Last Session Prior to N.A.I.C. Meet

The all industry committee was in session at the Sherman Hotel, Chicago, Monday and Tuesday in a further effort to resolve the differences that exist between various elements of the business insofar as proposed legislation is concerned to conform state laws and procedures to the S.E.U.A. decision and public law 15. J. R. Berry, general counsel of the National Board of Fire Underwriters, presided at these sessions.

### Little Progress Made

The meetings were closed, but it was understood that little progress was made in composing certain important differences. At this stage one of the capital issues is whether fire and casualty rating legislation shall provide that the rate filing shall receive approval of the insurance department before becoming effective, or whether a new tariff may be applied immediately subject to disapproval by the state authority at a later date. Potent arguments have been summoned in behalf of each of these procedures and according to report neither side has given any indication of willingness to recede from its position.

The committee will be heard from and the discussions continued at the meeting next week of the National Association of Insurance Commissioners at Grand Rapids.

## Hold Parley on Casualty, Fire, Marine Definition

A meeting is being held in the New York City offices of the New York department this week by the committee on definition and interpretation of underwriting powers of the National Association of Insurance Commissioners. Consideration will be given to a plan of definition for fire, marine and casualty coverages.

Last December the N.A.I.C. approved a proposal that a revised agreement be prepared for submission and a definition of fire, marine and casualty insurance in collaboration with industry representatives.

The commissions' committee consists of Allyn of Connecticut, Carroll, Rhode Island and Jordan, District of Columbia.

### Change in E. C. Procedure in N. J.

Leon A. Watson, Fire Insurance Rating Organization of New Jersey, has notified insurers that extended coverage endorsement No. 1 that was approved Sept. 1 may now be included as a part of the dwelling house policy. It is no longer necessary to attach it separately.

not proceedings involving contract rights.

Two individual stockholders, Henry Abels and Henry Merriam, who participated in the 1910 merger, are also named as defendants and Justice Wilson points out that the insurance code has no effect on complaints against stockholders. Justice Wilson's opinion also takes the position that the suit does not challenge the validity of the 1910 consolidation, although the insurance department argued in the mandamus case that this would be the effect of a successful suit.

This case is not a determination of the Franklin Life's case in any way, but sets the stage for a hearing of it by the circuit court of Menard county.

Rollin Young, who was actuary of Franklin Life, years ago, it is understood, is one of the instigators of the

## Ask Insurers to Write Financed Auto Business

### American Finance Conference Calls for Higher Collision Rates

Members of the American Finance Conference attending a forum in Chicago on insurance problems adopted a resolution calling on the National Automobile Underwriters Association to increase collision rates to the point where N. A. U. A. companies can accept financed automobile business. A copy of the resolution will be presented to the National Association of Insurance Commissioners when it convenes in Grand Rapids, Mich., next week.

The discussion on the present tightness of the insurance market for financed automobiles lasted well over the allotted time and frequently grew spirited. Finance men cannot understand why insurers who are turning down finance company automobile insurance will not or cannot increase the rates for something that is worth a good deal more than it was five years, three years, one year ago—and then accept business. Insurance men were on hand to explain that rates are established by the National Automobile Underwriters Association, and that increasing them is a complicated procedure.

Some of the finance men expressed belief that either the machinery of insurance in respect of rates is too slow and cumbersome or the companies, now lining up behind the bank-agent plan, are no longer interested in finance business.

The market may improve a good deal in a few months, it was suggested, when new cars begin to reach the market. Even in the old days when the large insurers were writing great amounts of finance business, the experience was bad on the older cars, as it has been during the war. It was the new automobiles, where the collision frequency was low and the premium high, that sweetened the business.

### Insurance Men on Panel

The forum chairman, Fred V. Chew, had a panel of insurance men to treat briefly various aspects of the insurance situation and then opened the session to comments and questions from the floor. On the panel were Kirk A. Landon, broker, Miami, Fla.; D. L. Webster, president of the Automobile Underwriters Corp.; Ralph West, Marsh & McLennan; W. R. Snyder, president of Mid-States, insurer affiliate of General Finance Corp., Chicago, and Harry Erdmann, vice-president of Emmco.

The present market for insurance is not too happy a one, Mr. Chew said. What can be done to improve it?

The small, local finance company is for the most part in the insurance business in one way or another, and insurance forms a substantial part of its operations. It is exceedingly fortunate, Mr. Chew commented, if it has a general insurance agency business. With the finance insurance business not a satisfactory line at present, it can mix some sour in with the sweet. If it doesn't have an agency, it should organize one immediately.

The middle sized finance company,  
(CONTINUED ON LAST PAGE)

## Says Good Word for Truckers and Their Experience

Walter S. Attridge of the Walter S. Attridge Co. agency at Boston, comments on a recent NATIONAL UNDERWRITER article reporting a speech of an insurance loss adjuster given before a group of common carriers in which was recounted in some detail the liability of a common carrier for goods lost or damaged while entrusted to his care for transportation. Mr. Attridge states:

"Emphasis seemed to be placed on the great extent of the carrier's liability to the shipping public and the adverse loss ratio experienced by insurance companies writing this class of business. The report of loss ratios of 200 to 300 per cent would have one believe that this was general, rather than the exception. There seems to be a tendency on the part of some to try to place the position of truckman in a particularly bad light, especially as respects his desirability as an insurance risk.

"When the story is told about his liability for cargo damage we should not stop after reciting all of the bad side of it. There is a good side also—and it presents a picture unfair to the truckman unless that side is also told.

"There was related the question of liability arising out of a determination of delivery when trailers were left at platforms for unloading by consignee, or for loading by the shipper. There is a provision in the uniform bill of lading which can be invoked in most cases of this sort, which, even in event of liability of the carrier, reduces to a negligible figure the amount of the carrier's liability. This provision grants the carrier the benefit of any insurance carried 'upon or on account of' the damaged goods unless the benefit of that insurance is denied the carrier.

"Most fire insurance policies covering industrial plants and mercantile establishments cover merchandise not only in the buildings of the assured's place of business, but also on the premises, on platforms, on sidewalks, in the open when within 50 or 100 feet of the walls of the buildings, or similar phraseology.

"Unlike transportation policies, the fire insurance policies do not, as a rule, carry any clause which denies the benefit of that insurance to a carrier, with the result that the carrier's liability is limited to only the amount of the fire insurance premium. Probably inland marine loss adjusters neglect this bill of lading provision because most transportation covers do deny the benefit of this insurance to carriers. But, when the insurance adjuster, through neglect, ignorance, or any other reason, fails to protect the company he represents, and in turn fails to protect the carrier's liability, the carrier should not be penalized by having that loss charged up against his record. Neither do I think it proper to charge the truckman with losses paid because of the so-called 'overlapping agreement' which viciously discriminates against the truckman. There have been cases when insurance companies have paid claims under truckmen's cargo policies, where they neglected to determine liability, and then tried to increase the assured's premium because of a bad loss experience. In some cases adjusters have failed to protect the company's subrogation rights against outside parties. And the companies and adjusters have openly resented 'as an intrusion' any suggestion by either the truckman or his broker, of any absence of liability on the part of the truckman or the presence of liability of some outside party.

"Let us not be too harsh with the truckman. The fault is not all his—much of it lies with the insurance companies.

"For years insurance companies, and the capital stock companies in particular, have heralded far and wide their enormous contribution to the public service,

## New Philippines War Damage Bill

WASHINGTON—Appropriation of \$330 million for payment of compensation under Philippine war damage claims is authorized under a revised Philippine rehabilitation bill introduced by Senator Tydings, Maryland, and recommended by the Senate committee on insular affairs, of which he is chairman.

It proposes to establish a Philippine war damage commission of three, one a Filipino, to be appointed by the President of the United States, each to receive \$10,000 a year. The commission may appoint officers and employees and fix their pay without regard to civil service laws. This could include American adjusters, whose employment was suggested by investigators sent to the islands by War Damage Corp. The commission may prescribe rules and regulations and delegate functions to subordinates, or to any agency of the American government or Philippine Commonwealth.

The commission must wind up its affairs within two years after the time limit for filing claims with it, namely nine months after enactment of the law.

It would be authorized to make compensation on account of loss of or damage to property in the islands between Dec. 7, 1941, and Oct. 1, 1945, as a result of war activities.

If the aggregate amount of claims payable to any one claimant exceeds \$500, the amount payable shall be reduced by 25% of the excess over \$500.

Excluded from payment are enemy aliens, those found guilty of collaborating with the enemy, enemy-owned or controlled corporations.

The commission, in lieu of paying cash, may repair or rebuild property or replace it with similar property. To that end the commission is authorized to acquire property, have work done, by contract or otherwise.

All provisions for payment of claims are subject to "the requirement that, to the fullest extent practicable, the commission shall require that the lost or damaged property be rebuilt, replaced, or repaired before payments of money are actually made to claimants."

Reparations or indemnity recovered from Japan shall be covered into the Treasury until they equal \$330 million, plus appropriations for island rehabilitation. Amounts in excess shall be divided, 50-50, between the United States and Filipino governments, depending upon certain contingencies.

Compensation authorized to be paid by the commission shall be in lieu of WDC protection in the Philippines, except to the extent specified in its policies.

B. J. Weldon, partner in Dulaney, Johnston & Priest, Wichita, has been transferred from armed guard duty in the South Pacific to the naval supply base at Oakland, Cal., as assistant security officer with his principal assignment fire protection and prevention.

far and beyond the contractual obligations of their insurance policies. So much emphasis has been laid on their loss prevention services that the public has been educated to look to insurance companies for assistance and guidance in loss prevention work. The companies have taken great credit unto themselves for accomplishments in this field. Insurance companies who for years specialized in third party contracts, likewise emphasized the value of having the use of insurance company adjusters and attorneys to prepare and conduct this defense against unjust and improper claims. It is only natural that the trucking interests should therefore look to their insurers for aid and guidance in loss prevention work. For the most part this aid and guidance has been denied the trucking industry."

## Christiania General Executive Is Back from Trip to Oslo

NEW YORK—Arne Fougner, vice-president of Christiania General of New York, recently returned here after a trip



ARNE FOUGNER

to Europe during which he spent three weeks at his former home, Oslo, Norway. It was his first trip there since he eluded the Nazi occupation forces six years ago and made his way to the United States via Siberia, Japan and the Pacific. His father and mother, two brothers and two sisters were all in good health, despite the privations that marked the occupation and still prevail to a great extent.

Mr. Fougner arrived in Norway in time to attend the last part of the treason trial of Vidkun Quisling and heard the death sentence passed on the former puppet dictator. When Quisling took his appeal to the supreme court of Norway Mr. Fougner's father, Sigurd Fougner, cast the first of the unanimous votes which denied the appeal. Judge Fougner was a member of the supreme court before the occupation and when the invaders wanted the court to disregard the Norwegian constitution and laws in order to carry out German designs the court resigned in a body, setting an example for the rest of the country in defying the German will. After V-E day the court was formally reinstated at a ceremony attended by the crown prince and other high national and allied authorities.

### Renewed Contacts at Head Office

Mr. Fougner's trip gave him the opportunity of renewing contacts with the parent company, Christiania General of Oslo. In spite of the occupation he found that the insurance business, both of Christiania General and of other companies, had been successfully carried on and even expanded during the war. Most companies are intact and their financial strength has increased. Part of the latter has been due to a degree of inflation, although this has not been of the runaway type experienced in some countries. Another thing that helped the insurance companies was that the government paid for fires due to sabotage. Even if a company had paid a claim as a fire loss and it was later discovered to have been sabotage the state reimbursed the insurer. A commission was set up to handle borderline cases and it did a fine job of settling these and determining the percentage of each loss to be paid by the private carrier and by the state in fires where there was a combination of causes.

Mr. Fougner made the trip over by steamer and returned by plane.

### Mich. Group Perfects Details

DETROIT—The members of the convention committee for the meeting of the National Association of Insurance

## Dwelling Fire Cut in Okla., Wind Up

OKLAHOMA CITY—Dwelling fire rates in Oklahoma have been reduced on all classes, effective Nov. 26, but windstorm and extended coverage rates have been increased, as to dwellings and also as to mercantile and manufacturing risks, because of unfavorable experience. An additional basis table is provided in the new schedule.

Dwelling classes 1 to 4 are reduced 4 cents for frame construction and 2 cents for brick. Classes 5 and 6 take a 2 cent reduction for frame, 1 cent for brick. Classes 7 and 8 are reduced 4 cents for both frame and brick construction and classes 9 and 10, 6 cents for both types. Seasonal dwellings of brick and frame construction have been reduced 6 cents, while rates for private bath houses, private boat houses, etc., in connection with seasonal dwellings have been reduced 14 cents for the frame class and 10 cents for brick construction.

### New Extended Cover Rates

The dwelling extended coverage rate has been increased from 26 cents to 28 cents, while the windstorm rate for this class has been raised from 24 cents to 30 cents. On mercantile and manufacturing risks of ordinary construction, the extended coverage rate with the 80% or higher coinsurance has been increased from 12.8 cents to 14.6 cents, and with less than 80% coinsurance, from 32½ cents to 39 cents. The windstorm rate for this general class has been increased from 29 cents to 34 cents.

The three-fourths value clause is no longer required on policies covering the general classes, but still applies to risks of the cotton gin class, sisal, hemp, hay and straw in commercial warehouses, barns and presses.

## Denies Lloyds Covers Atomic Bomb Hazard

NEW YORK—Insurance against atomic bomb attacks in an undeclared war against this country is not available from London Lloyds, despite a statement by Congressman Havenner quoted in the Nov. 15 edition.

Asked about Lloyds attitude, O. D. Duncan, general counsel of Lloyds in the United States, said that Lloyds is not writing land war damage insurance anywhere in the world. Mr. Duncan said that in his opinion it was unthinkable that Lloyds underwriters would write this coverage now that the danger and extent of possible damage due to atomic bombing is so very much greater than any dangers which existed when Lloyds ceased writing land war damage risks.

Mr. Duncan pointed out that Lloyds has always refused to write any insurance where the possibilities of losses were greater than ability to pay and in the case of atomic bombing all the insurance organizations in the world, combined, might not have enough assets to meet the extent of claims that would probably arise.

Several years before the outbreak of the European war Lloyds ceased writing land war risk except in Canada and the United States and its possessions. About six months before the United States entered the war Lloyds underwriters were advised that the Philippines and Hawaii were potential danger spots and ceased writing the coverage there. As soon as the United States entered the war Lloyds immediately discontinued writing the coverage in the United States and Canada and since then has written land war risk coverage nowhere in the world.

Commissioners at Grand Rapids, commencing Sunday, held a meeting here Monday to complete final details. Registrations indicate an exceptionally large attendance.

## Compensation \$161,920 State

NEW YORK

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## Companies Pay \$161,920 on Empire State Fire Loss

NEW YORK—The 22 fire companies having the insurance on the Empire State building in New York City have paid a total of \$161,920 in settlement of the fire loss due to an army bomber crashing into the building July 28. This is considerably less than the early estimates, which placed the fire-alone damage at about \$200,000. There was no extended coverage or aircraft damage insurance but the damage was thoroughly surveyed by the army and it appears probable that the army will recommend payment to the insured of the difference between the amount of fire insurance damage and the total damage, the latter being just under \$500,000. Since the army is authorized to pay only claims up to \$5,000 it will be up to Congress to appropriate the necessary amount. Army officers have given no ground for believing that they favor reimbursement of the amount paid out by the fire companies, their view being apparently that the loss was one for which the companies received a premium and hence they are not entitled to reimbursement.

There was a total of \$15,750,000 of fire insurance in force at the date of the crash, divided as follows: Travelers Fire, \$2 million; Niagara, \$1,750,000; American Eagle, \$1,500,000; Hanover, \$1,250,000; Great American, \$1,250,000; London & Liverpool & Globe, \$1 million; Agricultural, \$800,000; Continental, \$750,000; Westchester, \$600,000; Home, \$500,000; Home F. & M., \$500,000; Commercial Union, \$500,000; U. S. Fire, \$500,000; City of N. Y., \$500,000; Glens Falls, \$400,000; North British, \$400,000; Fire Association, \$300,000; Reliance, \$300,000; Empire State, \$250,000; Employers Fire, \$200,000; Merchants, \$200,000, and Richmond \$300,000. The building rate is 3 cents.

## Felker Western Adjustment Manager at Cape Girardeau

Adjuster John C. R. Felker of the St. Louis branch of Western Adjustment has been named manager at Cape Girardeau. He succeeds George T. Cherry, who shortly will leave for Omaha to replace Manager Glass, who in turn will relieve Manager Ben Butler at Kansas City. Mr. Butler reports to the head office after Jan. 1, as successor to the late Harold M. Greenberg.

Prior to joining Western Adjustment Mr. Felker held important positions both as sales executive and in inspection work in the industrial field and building industry.

## Smith Again Heads W.U.A. Governing Committee

At the meeting of the governing committee of the Western Underwriters Association in Chicago this week C. H. Smith, western manager of Hartford Fire, was reelected chairman and S. M. Buck, western manager Great American, was elected vice-chairman. They are both former W.U.A. presidents. There were two members present outside of Chicago they being Vice-president Olaf Nordeng, Automobile, and Vice-president C. A. Dossall, St. Paul F. & M. Secretary C. F. Thomas had returned from his vacation in Texas looking quite fit.

## R. S. Begien Returns to A. M. Best

Maj. Robert S. Begien, after spending over 4½ years in the army, has rejoined the staff of the Alfred M. Best Co. as southwestern manager, a post which he held for six years before the war. He saw active service in Europe and was awarded the bronze star.

Gene Hanselmann, who has been acting southwestern manager, will take over new territory.

## New Setup for Grain Pool

A new constitution was provided for Underwriters Grain Association Tuesday by action of the members at a general meeting in Chicago. The new constitution is more specific in setting forth the purposes and methods of the association. The fiscal year is made to correspond with the calendar year whereas in the past it has run from Aug. 1. The new setup was perfected by a subcommittee headed by Clem E. Wheeler, who has just retired as associate western manager of Hartford Fire.

## Earl C. Smith Resigns as I.A.A. President

CHICAGO—Earl C. Smith, president of Illinois Agricultural Mutual and Illinois Agricultural Association, resigned after nearly 20 years in that position with both affiliated organizations.

The resignation came as a great surprise to members, who were gathered at the annual meeting of the I.A.A. and the insurance company and it was presumed that Mr. Smith has stepped aside in favor of a younger man.

No nomination slates had been prepared as it had been presumed that Mr. Smith would continue as president through 1946. Nominations for a new president will be made on the final day of the convention this week.

Mr. Smith was elected president of the organization in 1926, and under his direction the Illinois Agricultural Mutual was formed, today having 145,894 policies in force.

## Change Both Names

The board of directors is considering a change in the names of both the casualty company and the affiliated fire company, Farmers Mutual Reinsurance. The latter would become Country Mutual Fire and the Agricultural Mutual would become Country Mutual Casualty. This would make the names more uniform, bringing them together with Country Life, another I.A.A. company. This change awaits legal approval and discussion by the board and definite plans have not yet been formulated.

Manager A. E. Richardson discussed the Illinois financial responsibility law, and stressed the importance of agents contacting every member of the I.A.A. on this question. The people will have been softened up somewhat by advance publicity on the law, but unless action is taken by the agents, they are liable not to buy coverage, he said.

D. C. Micher, director insurance service, emphasized that Illinois Agricultural Mutual is an organization designed for farmers and agents should not encourage business from non-members who would be willing to join the organization for the protection offered. In most instances these individuals are bad risks, he said, and should be avoided if possible.

## Factory Mutuals to Erect Inside Fire Test Building

The Factory Mutuals plan to erect a test building at the Norwood, Mass., experimental station. Full-scale test fires under typical industrial conditions will be set inside the building, where the problems of interior fires can be accurately gauged, and new methods of interior fire-fighting tried. Construction will start as soon as materials are available.

## Farm Underwriters' Meeting

The annual meeting of the Farm Underwriters Association will be held in Chicago Jan. 9.

E. G. Crapser recently marked his 25th anniversary with the Meserole group, of which he is secretary. His associates in the accounting department presented him a handsome brief-bag.

# Many Problems Confront Company Executives

NEW YORK—There are a number of important issues that are being discussed by the insurance fraternity that may have prominent bearing on the future of fire and casualty insurance. Some of these are questions that are highly controversial but their heads pop up regardless of embarrassment they may cause.

E. L. Williams, president Insurance Executives Association, in his now famous talk before the Pacific Board, at which he said the question of commissions is being bruited abroad and a study is being made of the subject, caused no little commotion and showers of barbs were shot his way. Yet this is one of the main issues being discussed, even though it may be more or less under cover. It comes to the front especially now that state regulation of rates is coming more and more into play. If the states regulate rates and pass upon them, many officials hold that they must take into consideration acquisition cost, which is a vital factor in the premium.

## Getting at Marketing Cost

Some executives are contending that it is time that the companies and agents get together and reach some agreement on the subject. For instance, take the casualty lines. Some of the executives say that each line should be taken up separately and an agreement reached as to the cost of marketing that particular class. Insurance is a retail business and the selling cost is no higher than other retail businesses, but a scientific study of the proper cost has never been made. If the marketing cost on these various lines could be reached, there might be a national understanding about them which would lead to the states establishing a pure insurance charge, but the building of the rest of the premium would be left to each company. The commission cost is the most vexatious of various factors in the premium.

## PARTICIPATING PLANS

The matter of competition of various classes of companies enter into this subject. It might be shocking at present for the old timers who have fought, bled and died for fixed cost stock insurance to stomach any intimation that there is in the air considerable talk of issuing participating policies. The suggestion comes from high quarters. It is stated that the course pursued by life companies might well be followed. In life insurance there are the purely mutual companies in which there are no dividends paid to stockholders. Then there are nonparticipating stock companies where policyholders are not given any participation. Finally, there are stock companies issuing both participating and nonparticipating policies. It can be said that the participating class is growing and such policies are quite popular in the life insurance field. There are some independent stock fire and casualty companies now issuing participating policies. If such policies were generally used there would be sharp competition with the mutuals. The stock people have preached the nonparticipating principle so long that it would take a radical change of heart now to see sturdy stock companies coming out with a partly mutual policy.

The participating feature might have a particular appeal to large assured. They are counting the costs, considering selfinsurance and mutual competition is becoming more acute. In Texas, for example, the state makes the rates and under the new law rates are practically frozen. The mutual companies have a distinct advantage using dividend plans. It must be kept in mind that a number

of the issues forcing themselves to the front are created by competition.

## Multiple Line Discussion

In the higher circles there is much discussion over multiple line plans and undoubtedly this sentiment is growing. The tendency is for a fire company to write more and more lines that have been assigned to the casualty field and vice versa. The Diamond committee, which considered this subject for the insurance commissioners, recommended that as a start the fire and casualty companies be allowed to write the personal property floater, all automobiles lines and all aircraft insurance and to accept reinsurance and foreign business on all lines.

## Organize Running Mates

In days gone by, fire companies began to organize casualty running mates, with the foreign companies starting the ball rolling. Now the casualty companies are organizing fire insurance running mates. There is a general broadening of company operations reaching out into fields that were heretofore not cultivated. Companies like National Surety, American Surety and others have organized running mates to write the personal property floater, automobile physical damage, inland marine and other classes. There is a broadening tendency up and down the line.

In connection with the consideration of costs and the acquisition part companies realize that many problems enter into any readjustment.

## Possible Federal Regulation

These issues confront the business and back of them stands the spectre of federal regulation. The all industry committee representing various phases of insurance is working on recommendations for legislation to be submitted to the insurance commissioner in view of the U. S. Supreme Court decision in the S.E.U.A. case. There will need to be considerable revamping in order to escape responsibility under federal anti-trust and other laws. This is a big undertaking and fraught with many difficulties. A general opinion seems to prevail that insurance is destined to be regulated more and more by the federal government. That seems natural in view of the fact that insurance has been decided to be commerce. If federal regulation does come many executives hope that it will take the course pursued in Canada where the dominion insurance superintendent is given the responsibility of examining companies and looking into their financial status. The provincial superintendents take care of enforcing the provincial laws. A number of people are inclined to believe that more effective financial supervision could be given by the federal government and that is a subject that will be hotly debated.

## State Premium Tax

In the course of events the states are confronted with attacks on their premium tax laws as most of them have a differential in favor of domestic companies. That is being attacked and in some states the laws have been upheld. Naturally directors of insurance companies do not want to assume personal liability in case United States Supreme Court holds that the taxes are used as a burden on interstate commerce. If this principle is upheld it may be retroactive and directors will have to assume considerable liability. The companies would prefer to pay the tax to the state.

There will probably be a growing disposition to require more detailed reports from fire and marine companies, bringing them in the same category as casualty insurers which are required to file explicit and detailed reports as to various classes of their business, thus giving the

(CONTINUED ON PAGE 27)



## Pulbrook Again Heads Committee of London Lloyds

Sir Eustace Pulbrook has been re-elected chairman of the committee of Lloyds. His designation as chairman for 1946 makes the seventh time he has been elected to this post, which he has already held longer than anyone in the history of Lloyds. His reelection despite the fact that England is no longer at war indicates the high esteem in which he is held by his fellow underwriters. When he was due to retire by rotation from the committee at the end of 1943 a new by-law was passed under which, instead of his being required to retire from the committee for one year as previously required, he was immediately reelected an additional member of the committee for four years.

Sir Philip D'Ambrunil was re-elected deputy chairman. With Charles F. Hutchinson of the Lloyd's staff, he went to New York in 1939 in connection with the creation of Lloyds American Trust. This trust incidentally, will be continued despite the end of the war although under its terms it was to be continued "while Great Britain is at war with a European power," and hence could now presumably be discontinued were it not for the recent unanimous decision of the underwriters to keep it in operation.

### Rotation Retires Three

Three members of the committee retired by rotation, they being Sir Percy Mackinnon, Sir Stanley Aubrey and D. E. W. Gibb and T. A. Miall, L. H. Tufnel, and G. N. Rouse were elected to succeed them. Other members of the committee are Neville Dixey, H. G. Chester, T. L. Forbes, M. W. Drysdale, Edward Ollivant, G. M. Harper, J. E. Green and G. E. Thompson.

## Accountants Told About Substitute for Reinsurance

W. N. Titcomb of Springfield F. & M. Advances Unique Proposal

NEW YORK—A substitute for reinsurance which would, in effect, share loss ratios on large risks rather than swapping the business itself was advanced by W. N. Titcomb, treasurer of Springfield Fire & Marine, in his talk at the fall conference of the Insurance Accountants Association. Mr. Titcomb's proposal was aimed both at eliminating the record-keeping expense of reinsurance transactions and at avoiding the possibility of assuming poorer than average business while ceding better than average business.

Published figures on reinsurance assumptions and cessions are distorted by transactions with subsidiary companies, reinsurance pools and other associations but the average ceded to outside companies is probably between 20% and 25% of premiums, said Mr. Titcomb, adding that companies have bought protection on a great number of risks under which no losses were sustained or where the losses were so small that protection was not really required. He said that the statement has been made that of losses collected from treaty companies there is only one out of every 20 large enough so that reinsurance was actually needed.

### No Value in "Shuffling"

"It is undoubtedly true," he said, "that companies 'shuffle' back and forth from 20% to 25% of their business without any direct advantage to themselves except to agents and assured. The exchange of this reinsurance has cost the companies over 5% of their net premiums for expenses. It is impossible to determine from insurance charts or publications or insurance department reports what the actual cost may be and it is doubtful that any company knows or can definitely determine from its records the outlay for its reinsurance transactions. Some authorities have stated that the expenses incurred amount to from 4½% to 5½% of the retained premiums, owing to the labor of effecting reinsurance.

"There is another feature that should not be overlooked, and that is that with certain fixed charges, such as special agents' salaries and expenses and office overhead, which do not vary appreciably with the volume of premiums, it costs more per dollar to pay the fixed charges on a net premium basis than on a gross premium basis, as these expenses are not collectible from the reinsuring companies. The differential amounts to between 3% and 4%. Computations we have made indicate that a company may lose money under certain reinsurance transactions, though the agency commissions are much less than that received for reinsurance. It will, for instance, lose varying amounts by reinsuring over 50% of a 25% commission risk at 30%. The loss increases as the amount of reinsurance and the agency commissions increase."

### Would Cut Details

If it is agreed that a perfect reinsurance arrangement would be one whereby a company would receive the same amount that it cedes, eventually, and at its own or an average loss ratio, and that in the final accounting the result must be simply an adjustment of loss results, then it is not too difficult to conceive of

an arrangement whereby such an accounting could be made without the enormous details involved in the exchange of reinsurance between the companies, Mr. Titcomb said.

Mr. Titcomb's plan calls for the formation of an association of a large number of companies, probably at least 100, for the distribution of loss results to protect its members against excess losses on individual risks or lines which would ordinarily be reinsured. The method of operation would be for each company to note on its daily reports, under the proper caption, the amounts which it would ordinarily reinsure to reduce its lines to its authorizations, but instead of putting these amounts through their records as reinsurance they would be reported to a central bureau in some form to be determined, possibly by punched tabulated cards by those companies using this system and by border-eaux by other companies, for whom cards would be punched by the central bureau.

### DATES GIVEN

The notation on a daily report would be for the amount of the excess line and the premium to be reported, also the company's net retentions and cards would be punched or bordereaux made giving the following data: for premiums—policy number, agency, state, city or town location, client, commencement, expiration, amount, premium, and rate of commission; for cancellations and endorsement: additional and returned premiums would be shown; for losses and salvages—claim number, policy number, date of loss, date paid, amount of loss or salvage and amount of net loss to the company.

The reporting of details for losses would be only for the purpose of verifying any large losses. It would not be necessary to verify additional and return premiums. The company would not make any entries on its books as it would carry the total amount of each policy and retain the full premium. The central bureau would accumulate the premiums and losses annually and prepare a statement for the members from which a distribution would be made in accordance with each company's reported results.

While the method of apportioning the profits and losses would be subject to almost any desirable plan Mr. Titcomb said it was his idea that each company if necessary would pay into the bureau annually an amount representing the difference between its own loss ratio on its total business reported to the bureau and the average loss ratio of business reported by all companies, if its loss ratio was less than the average. Then, the companies whose loss ratios were higher than the average would receive this distribution if they so desired.

### Full-Year Basis

A record of these payments would be kept by the central bureau and at the end of five-year periods further settlement would be made and the companies with the low loss ratio, which has provided the carry-over funds would be reimbursed together with a normal rate of interest for the assistance given any of their associates. It would not be required of the low ratio companies to pay in any distribution unless the other companies required such assistance.

Mr. Titcomb illustrated how such a scheme might work by taking published premiums of 25 groups of companies and estimating that 25% represented outside reinsurance. Then he figured the average loss ratio on the total premiums by applying each company's published five-year average. These produced an average loss ratio of 45.6%. He emphasized that there was not a single group that would have wanted any assistance with the payment of interest and not a single dollar would have been actually paid in by any company. He expressed the firm belief that with such an association of a

(CONTINUED ON PAGE 26)

## EFFECTIVE PROTECTION



The same experience, time, and skill that transformed the "Little Giant" chemical engine of 1874 into the scientific fire fighter of our day has gone into the development of modern insurance service and protection.

Our agents take pride in the up-to-the-minute service of the Caledonian—dependable for more than a century.



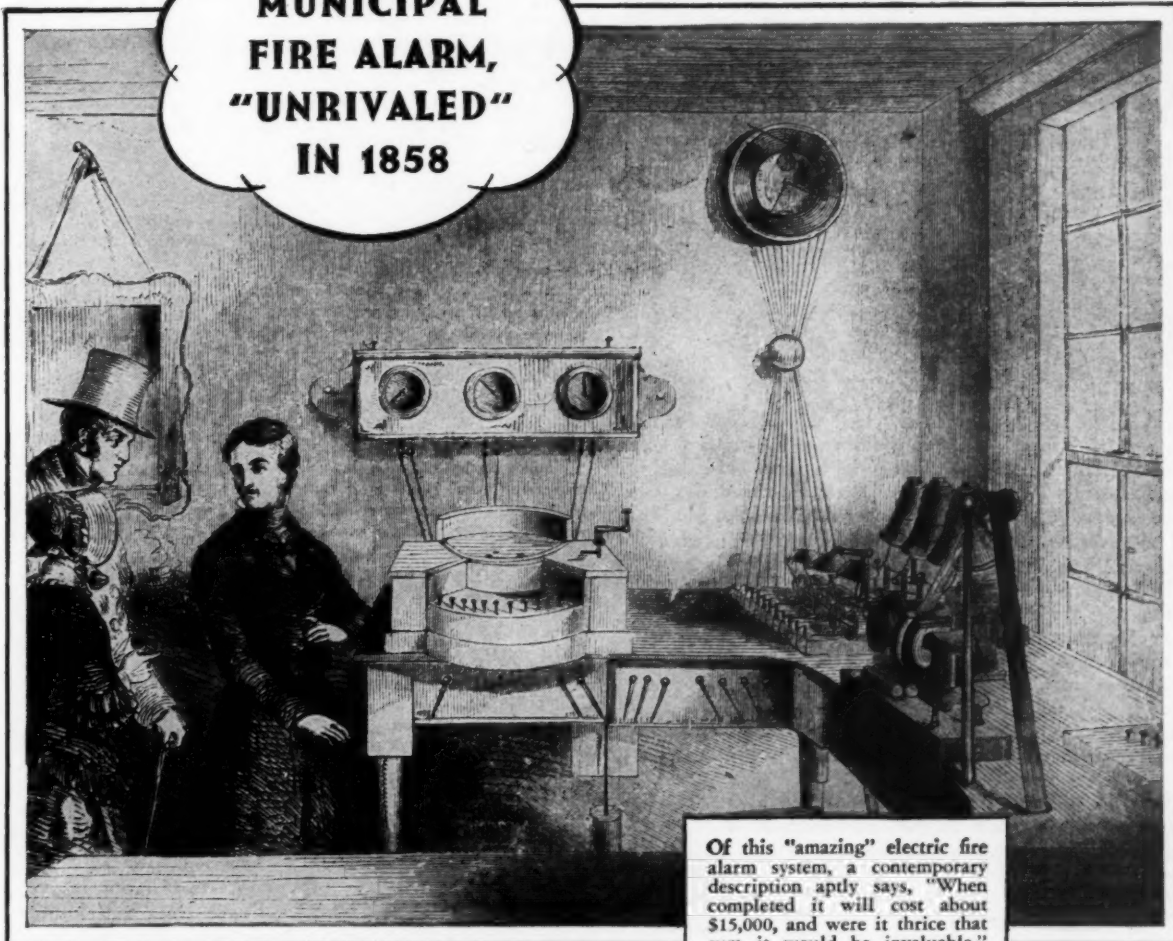
Picture courtesy of Walter Kidde & Company, Inc.

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FIRE ALARM,  
"UNRIVALED"  
IN 1858**



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The citizens of Boston, Mass., were proud indeed of their newly completed electric fire alarm system in 1858. It was, as a contemporary description says, "unrivaled".

But for protection against *loss* from fire, adequate insurance was then and is now "unrivaled".

And we like to believe that our long experience and complete facilities help National Fire agents to render unrivaled service to their communities.

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EXECUTIVE AND ADMINISTRATIVE OFFICE, HARTFORD 15, CONN.

WESTERN DEPARTMENT

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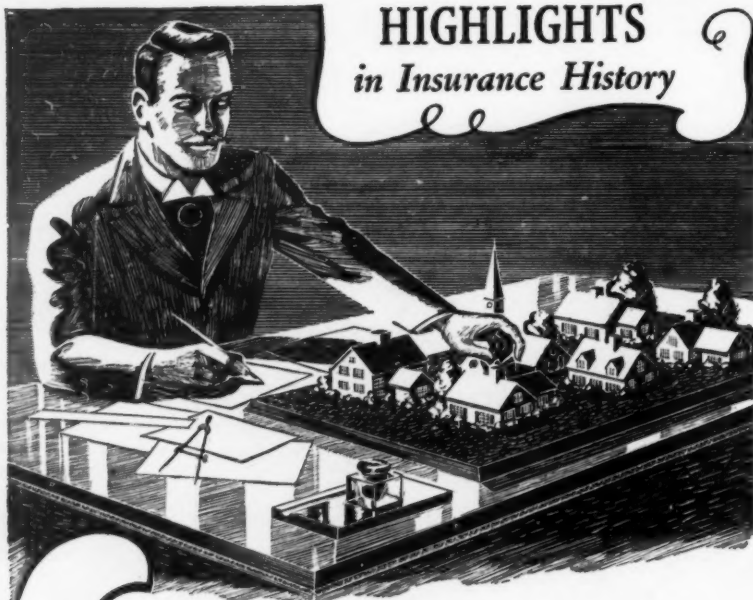
PACIFIC DEPARTMENT

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MEMBER THE ASSOCIATED AVIATION UNDERWRITERS



## HIGHLIGHTS in Insurance History



Like many other worthwhile inventions, the Dean Schedule of rating, introduced in 1901 in Illinois, was greatly ridiculed. While this "Analytic System for the Measurement of Relative Fire Hazards" was a decisive departure from the old Union Schedules brought over from England, it was not widely used until after the San Francisco fire of 1906. Today, it is used by more than half the nation, and unlike the Mercantile Schedule, allows latitude in naming the basic rate best suited to each community. In the system's scientific study of Occupancy and Exposure, the American public has received an education in the causes of fire, and their effect on premium rate making. It has also helped to reduce the number of fires, because a community's fire rates, varying according to its fire-prevention measures and types of buildings found, give a real incentive to civic progress.

This important contribution of Mr. A. F. Dean has had far-reaching effects, not only in the insurance field, but throughout American industry.

The National Union and Birmingham Fire Insurance Companies are noted for painstaking attention to all details in connection with improvement of risks through safety engineering.

**NATIONAL UNION**  
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**FIRE INSURANCE COMPANIES**  
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TRAVELERS  
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## Premium Finance Decision in N. Y. Is Studied

Because of possible attempts to hold insurers liable for acts of their agents acting beyond the scope of their authorization, there is considerable interest among insurance men in the decision in Premium Discount Corp. of Rochester vs. Pacific Fire, reported briefly in last week's issue.

The suit, tried in supreme court of Monroe county, was brought after Thomas A. Sharp of the Hayes, Sharp & Haggerty agency, which formerly represented Pacific, among others, had defrauded the finance company in 1941 of more than \$225,000 by the use of forged documents.

Judge Gilbert based his holding on the court of appeals decision in First Trust & Deposit Co. vs. Middlesex Mutual Fire—in which incidentally the fire company was represented by R. E. Dineen, now New York insurance superintendent. The judge said that in tracing out the theory on which liability of the principal could be predicated it is necessary to examine into the agent's fraudulent acts "to see whether or not those acts could in any way be said to have been done apparently in the business of the defendant insurance company."

Pointing out that it was undisputed that Mr. Sharp or the agency took the forged owner's certificate and a contract and power of attorney to the finance company to obtain financing of the premium, Judge Gilbert said:

"The contract and power of attorney was not an instrument executed by either the defendant, the principal, or by its agents. It was executed presumably by a third party assured. It seems to me that when you consider the fact that the blank was the plaintiff's blank, not the defendant's blank, that it had been furnished to the agency by the plaintiff for a purpose, that it was executed or purported to be executed not by the defendant insurance company or by the defendant insurance company's agent but by a supposed assured, and that the purpose of the visit was to secure the financing of the supposed policy for the supposed insured, it seems to me clear enough that the acts of the agency were certainly no act for the defendant, as principal, but either an act as agency of the supposed assured or very possibly the act of the agent of the premium discount company itself. There is no evidence at all to show that the defendant fire insurance company had notice of this particular transaction or of any transaction between the insurance agency and the premium discount company."

Pacific Fire did not have to argue its case. As is virtually always done, it moved for dismissal of the complaint following the plaintiff's argument. Because of the weakness of the plaintiff's case and the effectiveness of Pacific's cross-examination the motion to dismiss was successful.

Among the points made in the motion to dismiss were the statement on the reverse side of the power of attorney that the acts on the part of the agency in connection with the loan were the acts of the agency as "an individual, firm or corporation and not as agent of any insurance company; the fact that the memorandum-for-owner blank states that it is furnished "as a matter of information only and confers no rights upon the holder hereof and imposes no liability upon the company"; the fact that the insurer lacked legislative authority to borrow money, and hence could not be held liable for the acts of an agent in doing what the insurer had no right to do; the negligence of the premium discount company, even assuming apparent authority of the agent, in failing to send any notice to assured of delinquency over a period of 7½ years even though it had a form for that purpose and used it in other cases; and the fact that new accounts for a single year

## Parking Lot Liable for Damages to Stolen Auto in Wis.; Such Losses Zoom

MILWAUKEE—The owner of a parking lot is responsible for damages to an automobile caused by a theft from the lot, Civil Judge Schultz ruled in a case here. The judge awarded \$50 to the car owner, Thomas J. Reilly, in an action against Gilbert W. Henke, Milwaukee parking lot operator. The insurer of Reilly's car had paid the damages and was substituted for Reilly. The car was taken, although the attendant was on duty, and was found damaged the next day.

The law, the judge said, differentiates between the responsibility of a regular parking lot operator and a man who merely rents space on a weekly or monthly basis for the parking of automobiles without an attendant in charge. The lot operator usually charges a bigger fee, and is responsible for cars left with him even though he may issue tickets or post signs saying he is not responsible. Only if the car owner signs a statement waiving the lot operator's responsibility is the operator not subject to damages on the cars left in his care.

There have been a number of cases from various states in the middlewest in recent months along this line, most of them holding that when the parking lot operator, who is the bailee for hire, requires that the keys be left in the automobile, then he is responsible for damage if car is stolen.

In Chicago State's Attorney Tuohy warned garage and parking lot owners that continuation of the present rate of auto thefts would result in imposing of stringent controls. He is considering asking for an ordinance that would permit car owners to retain their keys and that would place financial responsibility for stolen cars on lot and garage owners.

Automobile insurance men report that losses of this kind on parking lots and garages have been extremely heavy, and that many of the companies are now getting off such lines. The leading case was decided at Detroit some 12 or 13 years ago in a suit against National Fire. Thereafter for a number of years the matter remained dormant. In the last year or so cases have come up in Ohio, Tennessee, and now Wisconsin, placing the liability on the lot or garage operator for such damages.

## Fire Association Filing

Fire Association has filed a proposal with the New York department to pay a 20% no claims bonus under the personal property floater. This again spotlights a problem concerning deviations under the New York law. Fire Association is a subscriber to the Inland Marine Insurance Bureau. Superintendent Dineen takes the position that he is not able to entertain proposals of this kind unless they are made as deviations from standard rates and forms because the companies have empowered the rating bureaus to make filings on their behalf.

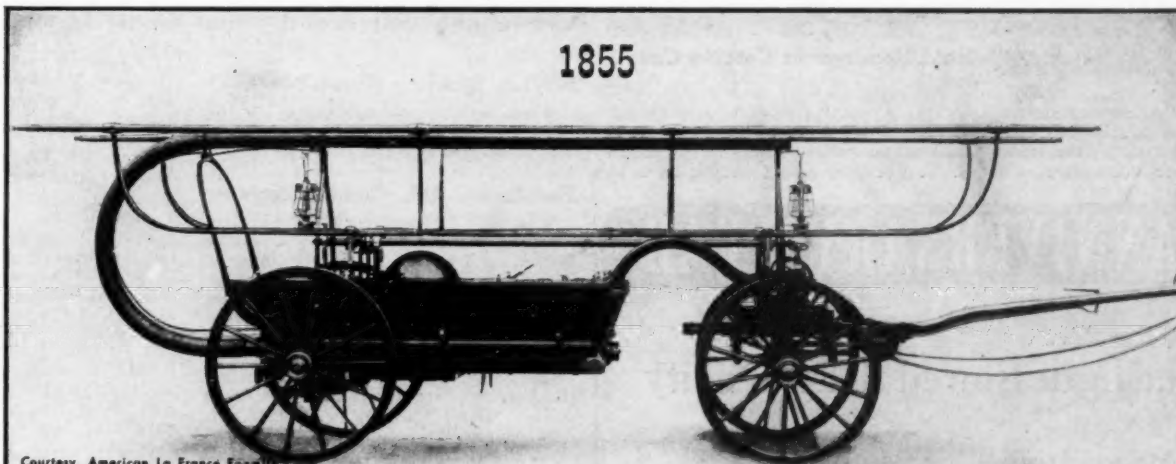
The same problem is involved in the proposal filed by North America which is a member of the New York Fire Insurance Rating Organization, to use its premium installment endorsement.

show the names of 11 people constantly reappearing.

Mr. Sharp, a former president of the New York State Association of Local Agents, was sentenced to two years in prison, which he served. Mr. Haggerty was given a suspended sentence. Mr. Hayes was not involved at all.

The finance company was suing for \$941. It was a test case. Other companies from which the company was attempting to collect on the same grounds are Corroon & Reynolds, General Accident, Northern of New York, Pearl, and Merchants of Denver.





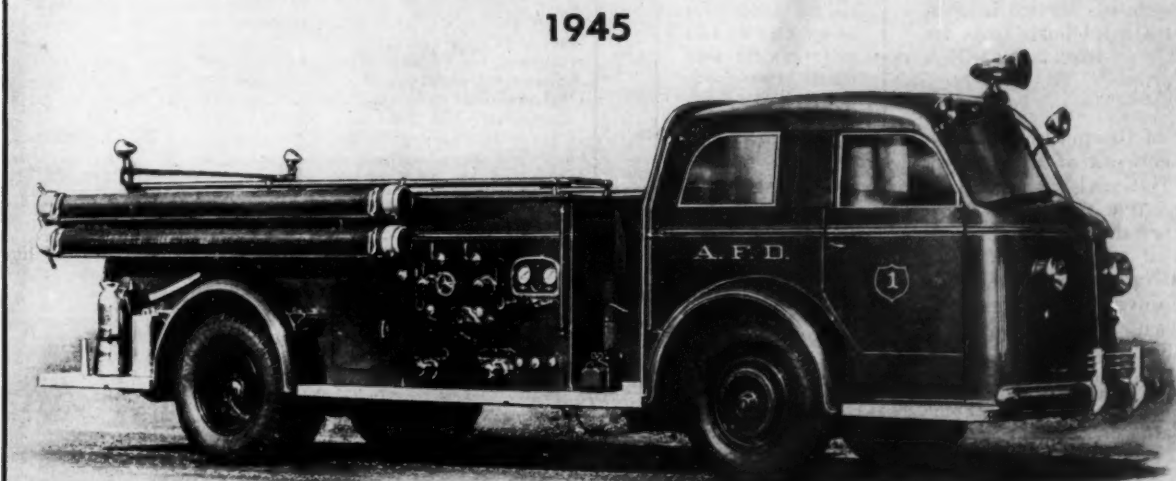
Courtesy, American La France Foamite Corp.

The simple little hand pumper of 1855 and its gigantic and complicated successor of today graphically portray ninety years of progress in the designing of fire fighting equipment.

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**National-Ben Franklin Fire Insurance Company**  
Organized 1866

**The Concordia Fire Insurance Co. of Milwaukee**  
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**Milwaukee 'Mechanics' Insurance Company**  
Organized 1882

**Royal Plate Glass & General Ins. Co. of Canada**  
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**The Metropolitan Casualty Insurance Co. of N.Y.**  
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**Foreign Department**  
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**Canadian Departments**  
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**BUY MORE BONDS - - AND KEEP THEM**

## Steele Chairman of N. E. Board

Carroll K. Steele, Gloucester, Mass., was named chairman of the New England advisory board of the New England Association of Insurance Agents at the annual meeting in Boston, Edward S. Pike, Rutland, Vt., was reelected secretary-treasurer.

An amendment to the constitution was adopted providing for a standing committee of five to be known as the rating association conference committee con-

sisting of one member from each state except New Hampshire. The active members from each of the five states will choose their own member of the committee, who may be either an active or honorary member of the board and the chairman will appoint those so chosen for one year terms.

### Hold Hearings in Corcillo Case

Following 16 days of hearings before Deputy Commissioner A. J. Bohlinger of New York Dec. 15 has been set for final submission of briefs in the case of C. V. Corcillo, whose license as a bail

bond agent is involved in complaints that he co-mingled funds, accepted business from unlicensed agents, and caused false statements to be filed with the Pennsylvania department. The latter arose from the fact that he had a controlling interest in the former U. S. Plate Glass & Liability, the name of which was later changed to U. S. Liability.

### N.A.I.A. Steering Group Meets

The executive committee of the National Association of Insurance Agents was in session at New York this week.

### Fort Smith, Ark., Course Starts

With 35 students enrolled, the Fort Smith (Ark.) Insurance Exchange has opened its first N.A.I.A. study course on inland marine, with Gaylon Brown, Booker-Brown Agency, as class discussion leader. The class will meet hereafter on Tuesday nights from 7 p. m. to 9 p. m.

Company special agents who helped the new study group to get underway were Walter Plangman, American; J. B. Ezell, E. E. Raines Co.; Victor J. Gustitus, Royal-Liverpool; J. L. Reed, L. B. Leigh & Co., and Henry A. Ritgerod, L. V. Martin & Co.

### Bank-Agent Expert in New Post

W. B. Hall, assistant vice-president of the Detroit Bank in charge of bank-agent plan financing and regarded as an authority on this subject, has resigned to become coordinator for the National Sales Finance Plan, an organization of 1,000 banks throughout the country designed to promote bank financing of household appliance sales. His headquarters will be in Chicago. Mr. Hall addressed both the Michigan and Detroit agents' associations on the bank-agent auto plan.

### Page Returns to North America

Capt. E. S. Page, Jr., has been released from the army air forces and has returned to North America as assistant to General Manager Dodd Bryan of the Philadelphia metropolitan department. Capt. Page had been with North America for 10 years prior to entering service. He was Canadian marine manager from 1935 to 1937 and fire manager at the Philadelphia metropolitan department.

John Rygel, Chicago, western manager of Hanover, has sold his house at Winnetka, Ill., and has moved to an apartment in Chicago north side.

Harold E. Stafford, president and treasurer of State Mutual of Rutland, Vt., died at Rutland hospital at the age of 50. After being in the banking business at Rutland 19 years he went with State Mutual.

## DEATHS

John J. Connor, oldest employee of North America in point of service, died at his home in Philadelphia at the age of 79. He joined North America in 1881 as a junior clerk. In 1918 he was made assistant secretary and treasurer and in 1929 became secretary and treasurer which position he held until he retired in 1936.

Charles D. Buckley, 52, local agent at Independence, Mo., died there after an illness of several weeks. He served as a captain of infantry in the first war.

E. B. Keeling, 82, former general agent in Texas of Phoenix, died in his Dallas home Monday.

A. C. Cason, Sr., 84, retired Dallas local agent and honorary member of the Dallas Insurance Agents Association, died there. Retiring in 1940, he went to Honolulu to live with a daughter; their home was riddled during the attack on Pearl Harbor but the family escaped injuries. Soon thereafter they returned to Dallas.

## Ark. Agents Ready for Midyear

LITTLE ROCK—Getting the bank and agent auto plan into operation will be the principal subject of discussion at the mid-year meeting of the Arkansas Association of Insurance Agents here Dec. 10.

Frederick W. R. Doremus, vice-president of American, will be the principal speaker on the bank-agent subject. A discussion of the mechanics of the plan will be led by members of the association's financed accounts committee, L. R. Martin, chairman, Pocahontas; C. S. McNew, Jr., Pine Bluff, and Troy McNeil, Fort Smith. The forum will be introduced by the showing of the N.A.I.A. movie, "The Bank and Agent Plan in Action."

Dean Paul Milam, head of the college of business administration, University of Arkansas, and editor of the "Arkansas Business Bulletin," will speak on business and economic trends in Arkansas.

The association program for 1944 will be the subject of President Robert Maxwell. He is expected to make a strong appeal for support of an agency qualification law in 1947.

State National Director Van Howell Fayetteville, will report on the National association. Commissioner Jack G. McKenzie will address the agents briefly at the luncheon. Other guests of the association will include Attorney General Guy E. Williams, State Fire Marshal Lee H. Baker, and Executive Deputy Commissioner A. D. Dulancy.

At the luncheon session, the association's new manager, A. W. Porter who assumed his duties officially Nov. 27, will be presented for the first time to the entire membership.

R. O. Wilcox, navy lieutenant, formerly a field assistant in the Los Angeles office of Travelers, has opened an



A. W. Porter

# 80th ANNIVERSARY YEAR

## When Gaslight Bowed to Electricity

Eighty years have passed since Millers National Insurance Company was founded in 1865. Its charter was granted by special act of the Illinois legislature in the era of candles and gaslight . . . fourteen years before Thomas Edison developed the first commercially successful incandescent lamp and won a great victory in man's age-long battle with darkness.

In 1879, when Edison introduced his new electric light, Millers National was well started on the steady, healthy growth that continues to this day. Sound business judgment applied to the operations of this service institution put it on a solid basis from its very inception, a position from which it has never varied.

With security of the policyholder always a basic concern of its management, Millers National has kept pace with new ideas, new procedures, new developments as they arose through eight decades of advancement. As a result, Millers National today holds a position of eminence among the nation's fire insurance companies. Founded in 1876, Illinois Fire stands side by side in the same position from which to go forward with ever greater service in the years to come.



THOMAS EDISON — 1879

## SERVICE

Known in the insurance business as advertising headquarters for alert agents, these companies have sales tools that give effective aid in selling. Well-known is their PRACTICAL PROSPECTING PLAN, their tested advertising material, and solicitation ideas. This service is keyed directly to practical agency needs of its army of agents on the firing line.

## MILLERS NATIONAL INSURANCE CO. ILLINOIS FIRE INSURANCE CO.

HOME OFFICE: 137 W. JACKSON BLVD., CHICAGO

SERVICE HEADQUARTERS FOR ALERT AGENTS

## LEONHART AND COMPANY, INC.

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## Property Facts Are Basic

The starting point for sound solution of problems of Insurance, Income Taxation, Reconversion, Accounting and Finance is an accurate knowledge and record of Property Facts.

## The AMERICAN APPRAISAL Company

VALUATIONS • PROPERTY RECORDS  
DEPRECIATION STUDIES



## Texas Dwelling Rates Reduced, Other Changes

Texas fire rates on urban dwellings have been reduced 8% and on farm and ranch property 10%, effective immediately on new policies only. Fire Commissioner Hall estimates that approximately half the income of fire companies operating in Texas is derived from insurance on dwellings.

The rate for extended coverage on dwellings in the seacoast territory was increased 10 cents on urban dwellings and to a smaller extent on other properties due to excessive windstorm losses in recent years. The extended coverage rates in the inland territory on urban dwellings was increased 5 cents. Rate reductions for garages and airplane hangars have been put into effect, ranging from 5 to 25%, depending on the construction and location.

The rates for theatres were increased from 10 to 25%, while fire rates for mercantile buildings were increased up to 25% on some classifications and reduced as much as 15% on others.

The Texas commissioners have promulgated a new rule establishing a minimum premium for fire and extended coverage, windstorm and explosion on one, three and five year policies.

### Cancel Dinner for Mrs. Neff

The testimonial dinner for Mrs. S. C. Neff scheduled for Columbus Dec. 3 has been canceled because of her illness. She was acting secretary of the Ohio Fire Prevention Association 38 years until she recently retired.

### General Agents Set Dates

The American Association of Insurance General Agents has now set its annual convention dates for April 30 and May 1-2 at the Atlanta Biltmore Hotel, Atlanta, Marion T. Watson, Trust Company of Georgia building, Atlanta, is making reservations for the affair.

### Honor Ill. Public Officials

A group of leaders of the Illinois Association of Insurance Agents at a luncheon at Springfield Tuesday presented framed copies of resolutions to Vernon L. Nickell, superintendent of public instruction, and John H. Craig, state fire marshal. The resolutions were adopted in appreciation of their work in causing fire prevention education to be introduced in the public schools of Illinois. The textbook "Fire Prevention Education," published by the National Board, was adopted as the basis of training in the Illinois schools.

President M. A. Read of Joliet at this meeting, cited the necessity for such education. Herbert L. Regan of Joliet made the presentation in behalf of the association. Guests included Insurance

Director Parkinson and Marion E. Burks, assistant director.

### Insurance Bar Meeting

Attorney Sam Levin of Chicago, chairman of the insurance committee of the Illinois Bar Association, has arranged for a meeting Friday at 10 a. m. at the Stevens hotel, private dining room 13, when questions involving insurance coming out of the S.E.U.A. case will be discussed. Norman B. Haddock of Chicago, special assistant to the anti-trust division of the U. S. Attorney General's office, will give the main talk. State Senator Arthur Bidwill, chairman

of the Illinois legislative committee to study insurance legislation that will need to be passed, will also speak. Insurance Director N. P. Parkinson will be present.

Mr. Levin states the meeting is open to anyone that desires to attend.

### Takes Over New York Office

On Jan. 1, 1946, the New York office of Lumber Mutuals will be operated as a branch office of the Pennsylvania Lumbermens Mutual Fire under the management of Joseph A. McCormic, assistant secretary. Joseph Kane will continue as associate manager.

The new arrangement will not interfere with the relationship with associate companies, nor will it affect any business now on the books.

Reinsuring with present associates will continue indefinitely. The change is made purely to facilitate matters.

### Schwobeda Rejoins Fireman's Fund Indemnity in L. A.

Lt. Comm. Leslie H. Schwobeda, after 37 months in the navy, has resumed his position as bonding superintendent of Fireman's Fund Indemnity in Los Angeles.

# SOUTHERN DEPARTMENT

# 50<sup>TH</sup> Anniversary



**FUND RECORD**  
NOVEMBER 1945

You don't have to be an insurance agent south of the Mason and Dixon Line to be interested in this special edition of Fireman's Fund Record. It tells a simple, human-interest story of the modest start, 50 years ago, of a company office in the South which has now grown into a large and successful operation. If you are not acquainted with the Fireman's Fund companies this booklet will prove an ideal introduction. Write to our nearest office today for a copy of the November Record and learn at first hand why agents and brokers all over the country say, "I like the Fireman's Fund way of doing business."

Fire • Automobile • Marine • Standard protection • Casualty • Fidelity • Surety

## FIREMAN'S FUND GROUP

Fireman's Fund Insurance Company  
Fireman's Fund Indemnity Company  
Home Fire & Marine Insurance Company  
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## LOCAL AGENCY WANTED

I have a man with a good insurance background who has immediate cash to invest in a local agency in a city of 50,000 or over in the Mid-West. Will consider partnership or outright sale. All transactions will be confidential.

### FERGASON PERSONNEL

Insurance Personnel Exclusively  
166 W. Jackson Blvd., Chicago 4, Ill.



## Union Issue Treated at A.M.A. Meeting: Explain Management Attitude

NEW YORK—Management recognizes that unions are here to stay and that a way must be found to deal with them to the mutual advantage of each. In this connection management is prepared to face the fact that the office is the next major field which the unions are preparing to invade, according to John H. MacDonald, vice-president National Broadcasting Co., in a talk given at the office management conference of the American Management Association.

Mr. MacDonald pointed out that labor

relations are primarily in the hands of the office manager and that contrary to opinion in some quarters, top management is not unsympathetic to the office manager and his problems, but at the same time it has no time to waste on routine details or in doing his thinking for him. It expects to receive specific recommendation on which all the preliminary work has been done by the office manager and others concerned.

He said that top management ranks labor relations at least on a par with

sales, production and financial activities. The office manager is expected to coordinate his labor policies and to draw management's attention to important inequalities in offices wages and working conditions where they exist.

Management is, after all, composed of people and as such can be sold just like anyone else, he said. It will quickly buy good men with good ideas, and therefore a very important part of the office manager's job is to learn how to be a good salesman.

The majority of office workers feel that management does not do more than could be expected to have good working relationships between them and the people with whom they work. It is only a minority who feel that management is practically always fair with employees in such jobs as theirs, according to Arthur Kolstad, partner Houser Associates, in his address at the A.M.A. conference.

A great deal of dissatisfaction is expressed regarding company promotion policies and pay. Office workers as a group express much greater dissatisfaction on both promotion and pay than do industrial workers, he said. More office workers, relatively, claim that the pay for their jobs is lower than that for other jobs in the company of the same difficulty and importance. Although a fair proportion of office workers believe their work offers a good opportunity to establish a satisfactory future for themselves in the company, far too many think it offers only a fair opportunity or even a poor one.

### Lists Workers Complaints

Mr. Kolstad listed the most common complaints of office workers in the order of their frequency as follows: Having to quit in the middle of one job and do something else that could just as well wait; having to do a job over because someone changes his mind about how it should be done. He said that perhaps management is to blame in these two cases as employees are frequently not sufficiently informed about the necessity or the importance of their work.

Other complaints listed were: Having to do last minute rush jobs that could just as well have been planned ahead; having to waste time or effort because of poor cooperation from other employees; being told to do two or three things at once and not knowing which should be done first; having to do a job alone when two people are really needed to handle it; having to waste time on a job for lack of complete instructions or information about what is wanted; and not being told enough about the purpose of the work or how it is to be used or what it is supposed to accomplish.

Complaints of office supervisors and managers indicate that top office management is possibly to blame for some of the rank and file complaints. Managers and supervisors complain that the people above them do not understand the difficulties of their job and that they do not get sufficiently clear instructions from their superiors. They also state that when changes are made which effect their work, they are not told why such changes are being made. Supervisors also criticize management for giving contradictory and conflicting orders, and for going over their heads and giving instructions to their subordinates without consulting them.

### Management Responsible

Mr. Kolstad stated that the discovery of such attitudes and opinions among members of the office supervising staff poses a problem for management. The majority of employees feel that their company is better than the average as a company to work for and that they are treated better than most other companies treat their people. Therefore the responsibility for good labor relations rests primarily in the hands of management.

Any operations of a repetitive nature can be placed on an incentive plan and if properly administered be highly successful, according to Waldo Williams, general office manager Chicago Mail Order Co. Mr. Williams said that at one

time office employees did not favor incentive plans as they felt that they were only for factory workers. However, as soon as they realized that incentive plans actually gave them more money, this objection ceased.

He outlined a plan now in use in his company and said that the efficiency of operators is constantly reviewed with each operator and a competitive spirit is developed between units, sections, and departments.

In order to make a plan successful he stated that it had been necessary to develop incentive plans for jobs which are about 100% mental and for other work which is almost all manual and activities in between these two extremes.

I. O. Royse, vice-president A.M.A. Office Management Division and general office manager Ralston Purina Co., also stated that the incentive plan, when carefully developed by those who know how, will get results.

In his talk Mr. Royse said that job evaluation and salary control should be given consideration because it is logical that they will give complete satisfaction to the employee and management, stimulate employees to become more efficient, and assist the supervisory staff in judging the value of workers.

Mr. Royse outlined four methods by which office efficiency and economy could be improved. Better office methods and procedures should bring about

(CONTINUED ON PAGE 28)

## WANT ADS

### FIRE CLERK WANTED

50 year old Louisiana Local Agency making large post-war expansion wants experienced fire clerk familiar with local agency operations—age 30 years preferred, married or single—only persons presently employed who desire to improve their position in permanent employment need apply. References exchanged. All replies in strictest confidence. Address D-91, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

New General Agency being organized in Denver, Colorado, for states of Colorado, Wyoming and Idaho.

Organized by Fire and Casualty men with both Local Agency and Company experience. Fire and Casualty Companies interested, write Box E-4, National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Illinois.

### CLAIMS MANAGER WANTED

By large brokerage office. Must be thoroughly familiar with provisions of fire policies. We write all forms of insurance but fire predominates. Must be able to supervise department. Excellent opportunity. Permanent position. In reply give full details.

Address E-8, care The National Underwriter, 175 W. Jackson, Chicago, Ill.

### SPECIAL AGENT WANTED

Large non-board company has an excellent opening in southern Ohio for a well qualified fieldman with fire and casualty experience. Good salary for right man. Write Box D-86, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

### FIRE MANAGER AVAILABLE

Qualified to take charge of fire department Company or Local Agency. Experienced, capable. Will travel Cook County or Illinois territory. Address E-8, care The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

### AUTOMOBILE UNDERWRITER WANTED

In the Chicago office of one of the large fire and casualty Groups. Permanent position, good starting salary and excellent opportunity for the right man. Give age, background and experience. Replies will be treated as confidential. Address E-9, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

## ALL Christmas Greetings are not in the form of Cards

Many are, as you know, in the form of valuable gifts which, with the war behind us, are likely to be much more in evidence this Christmas.

We therefore urge all of our agents to remind their customers and prospects now to protect their investment in valuable Christmas gifts through proper insurance in the KANSAS CITY FIRE and MARINE.

Call on our field man for any assistance you may want at any time. Or, should your needs be urgent, contact our Home Office by letter, wire or phone.

**KANSAS CITY Fire and Marine**

**INSURANCE COMPANY**

KANSAS CITY, MISSOURI

## ADJUSTERS! REDUCE YOUR FIRE CLAIMS!

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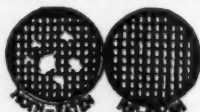
We reweave to perfection Burns, Stains and Damages in Rugs (Oriental and Domestic), Table Cloths, Tapestries, Wearing Apparel and Upholstered Furniture. Finest Cabinet Refinishing of Furniture burnt by cigarettes.

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# FIELD

## Paul Newman Is President of Smoke & Cinder Club

Paul W. Newman, manager of Travelers Fire, was elected president of the Smoke & Cinder Club of Western Pennsylvania, the field men's organization, at the annual meeting in Pittsburgh.

Vice-president is Thomas J. Beagan, National Union; secretary, Charles H. Kahrs, London Assurance; treasurer, Arthur C. Bachman, Home.

The membership committee consists of Walter A. Bell, America Fore; J. K. Gifford, National; John R. Glenn, Home.

The Christmas party, which was not held during the war years, was announced by retiring President Edward A. Logue, State of Pa., to be held at the Roosevelt Hotel Dec. 17.

## Boedeker Heads Ky. Fire Underwriters Association

The Kentucky Fire Underwriters Association at its annual meeting in Louisville elected Martin W. Boedeker, Royal Exchange, president, succeeding C. Edwin Fieldhouse, Home. George G. Gibson, London & Lancashire, is vice-president, and R. Leland Meeks, Fidelity & Guaranty Fire, who had been serving out the term of Julius V. Bowman, Fire Association, resigned, was elected secretary-treasurer for a full term.

Mr. Fieldhouse, L. E. Driscoll, Norwich Union; H. R. Dunkin, H. E. Timmons, automobile, and R. J. Martin, Phoenix, Ct., were named to the executive committee. Mr. Fieldhouse was presented a silver service.

## Welcome Alamo Servicemen

The Alamo Blue Goose, San Antonio, welcomed Maj. Joe Chapman, who is again directing the Chapman Claims Service; Lt. Ken G. Spencer, formerly special agent for the Texas General Agency Co., Sam Clemmons, West Texas puddle and W. R. Horton, past most loyal gander of the South Texas pond, Houston.

Most Loyal Gander Harold G. Reinackel announced that the mid-winter swim will be held Jan. 21.

## Two Home Field Men Return

Samuel G. Ruhl, who was in service 26 months, will return to his former post as special agent of Home in south Jersey and Delaware, serving under State Agent Christie.

Maurice J. Story, in service three years, will resume his former position as special agent in the Newark office of Home under State Agent Wilson.

## Dickerson to San Francisco

F. E. Dickerson, who has been traveling Idaho and Montana for Crum & Forster for several months, has returned to San Francisco and plans to remain permanently in that section.

## Ronayne Resumes Post Jan. 2

J. J. Ronayne, former special agent of Commercial Union in Indiana, has been discharged from the army. After a vacation in Arizona, he will resume his former connection Jan. 2.

## To Hear Carbon Dioxide Talk

The Connecticut Field Club will meet Dec. 3 in Hartford. Representatives of Walter Kidde & Co., maker and installer of carbon dioxide fire extinguishing equipment, will discuss carbon dioxide and show films on the subject.

## Pond Awards Honolulu Trip

SAN FRANCISCO—John J. Haster, fire manager here for Swett & Crawford, was presented a trip to Honolulu by San Francisco Blue Goose in a surprise award developed by Jay W. Stevens, chairman of the special events commit-

tee. Mr. Haster does not have to take the ocean trip if he does not desire to. The San Francisco pond will observe its 25th anniversary Dec. 22.

## Address Ind. Study Groups

William G. Wheeland, Automobile, chairman of the educational committee of the Indiana Fire Underwriters Association, reports excellent cooperation on the part of members in accepting assignments to address study groups throughout the state. A number of field men have spoken on one or more occasions

in Fort Wayne, Evansville and Indianapolis.

The Sacramento puddle of the San Francisco Blue Goose is planning a ceremonial for Dec. 14.

## Byers Named S. C. State Agent

J. L. Byers, recently discharged from the navy air corps, in which he served as a lieutenant, has been appointed state agent for South Carolina by St. Paul Fire & Marine, with headquarters at Columbia. Before going into the navy,

Mr. Byers did claim work for St. Paul in Arkansas.

## Becomes David Broderick Tower

Eaton Tower, large downtown Detroit office building acquired by David F. Broderick and his associates a year ago, will be known after Dec. 1 as David Broderick Tower. It soon will house the home offices of Dearborn National, Dearborn National Casualty, Underwriters Acceptance Corp. and Broderick Corp.



*Practically all forms except life*

GREAT AMERICAN  
GREAT AMERICAN INDEMNITY  
AMERICAN ALLIANCE  
AMERICAN NATIONAL  
COUNTY FIRE  
DETROIT FIRE & MARINE  
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NORTH CAROLINA HOME  
ROCHESTER AMERICAN

ONE LIBERTY STREET • NEW YORK CITY

INSURE YOUR COUNTRY'S FUTURE...BUY VICTORY BONDS



## COMPANIES

### Gwyn Century Assistant Manager

Lawrence J. Tillman, United States manager of Century and Pacific Coast Fire, announces the appointment of Roland H. Gwyn to be assistant U. S. manager for both companies.

Mr. Gwyn started with Sun in London. Transferring later to the London office of Century, he was sent to New York in 1937 to become secretary of the U. S. branch. Mr. Gwyn entered the Canadian air force in 1942 and has recently been released from the service with the rank of flying officer.

### Aiken Named to Aetna Fire Post

F. A. Aiken has been named general agent of Aetna Fire and its fire company subsidiaries, with headquarters at the home office, serving in the inland marine department.

Mr. Aiken began his insurance career

in 1925 at the New York office of U. S. F. & G. He was later made agency liability underwriter and then became special agent. In 1929, he joined Marine Office of America as assistant underwriter, specializing in protection and indemnity underwriting, including liability risks commonly written by marine interests. He also had charge of bridge underwriting and at one time served as chairman of the bridge rating committee of the Inland Marine Underwriters Association. After nine years he was appointed assistant marine manager of the Aetna Fire group's New York marine department. He resigned this position in 1938 to become underwriting manager and secretary of Merchants Indemnity, a post he has held since.

### Firemen's Will Be 90 Dec. 5

NEWARK—Firemen's will give an informal luncheon Dec. 5 at the home office to mark its 90th anniversary.

### Eaves Heads N. O. Agency

Following the recent death of Bryan Bell, president of the Bell & Eaves agency at New Orleans, directors of the agency have elected J. Everett Eaves president, and Mrs. Sarah Perry Bell, widow of Bryan Bell, first vice-president. The other officers continue.

## NEW YORK

### WESTCHESTER COUNTY ACTIVE

Bankers and insurance men in Westchester country, New York, have made a good start on the bank and auto plan and expect to regain much of the business which heretofore has been going to out of town finance companies. This was brought out in a meeting of the Westchester County Association of Local Agents when more than 100 viewed the bank-agent auto plan film and following that held an open forum discussion. The interest in the plan was emphasized by the fact that more than half the audience consisted of local bank officials.

### PARKER-ALLSTON'S PROGRESS

Parker-Allston Associates of New York, the advertising agency specializing in insurance accounts, which has been in operation but five years, stands 78th among the 466 agencies that are reported on in the publication "Industrial Marketing." This agency has had a steady growth and represents many insurers of all kinds. It has injected a fresh spirit in its advertising copy. The organization has recently been increased by the addition of a new man in an executive capacity and another in the production department.

### HARGRETT RETURNS TO HOME

Felix Hargrett, who was a commander in the navy, has returned to his position as secretary of Home. He was in the navy three years and was promoted to commander last July.

## CHICAGO

### PRIBISH RETURNS TO CHICAGO

Frank Pribish has resigned as manager of the fire insurance department of the Lawton, Byrne, Bruner agency of St. Louis. He had been in that position 18 months. Previously for 23 years he was with the Rollins, Burdick, Hunter Company agency of Chicago, at the time he left being head of its fire insurance department. Mr. Pribish desires again to become located in Chicago.

### WILL GREET McCORMACK

When Commissioner McCormack of Tennessee, president National Association of Insurance Commissioners gives a luncheon talk before the insurance members of the Union League Club of Chicago next Friday noon, 12 national insurance associations will be officially represented. Commissioner McCormack will be accompanied by E. H. Mashburn, senior examiner of the Tennessee department. The commissioner will leave that afternoon for Grand Rapids to preside over the mid-year meeting of the National Association of Insurance Commissioners.

### Convention Dates

Nov. 29-30. Indiana agents, Claypool Hotel, Indianapolis.

Dec. 2-5. Insurance Commissioners, Pantlind Hotel, Grand Rapids, Mich.

Dec. 5. Insurance Federation of N. Y., Hotel Commodore, New York City.

Dec. 10-12. Bureau of Personal Accident & Health Underwriters, Hotel Claridge, Atlantic City.

Dec. 17-19. Insurance Section, American Bar Assn., Cincinnati.

Jan. 23-25. National Assn. A. & H. Underwriters (mid-year), Lassen hotel, Wichita.

May 3-5. North Carolina agents, Pinehurst.

May 12-15. National Assn. Insurance Agents, mid-year, Cincinnati.

June 23-25. National Association of Accident & Health Underwriters, Denver.

The book every A. & H. man should have—"Planned Salesmanship," by Cousins, \$3 from The National Underwriter.

### Quiz Unions on Attitude Towards Maintenance Men

WASHINGTON—Fred H. Coonley, grand lodge representative International Association of Machinists, AFL, members of which are on strike at the Yale & Towne plant, Stamford, Conn., says that on general principles his organization "goes along" with the proposition that, in event of a strike at plant, maintenance men and service employees, such as engineers, firemen, watchmen, guards, etc., should be retained on duty.

"As a matter of policy and principles," said Mr. Coonley, "we believe in providing for protection of plant and equipment. We do not want anybody's property destroyed."

However, Mr. Coonley said that usually such arrangements are dealt with on a local basis between the workers' negotiating committee and employers' representative. He has no personal knowledge of such details with relation to the Stamford strike, which is being handled, he said, by local union representatives and the machinists union general vice-president, S. L. Newman, New York City.

Len Decaux, press relations representative of CIO, says it has no general policy with respect to retention of maintenance and service personnel at plants on strike; that it would depend upon the particular CIO union concerned.

The labor spokesmen had been asked about the policy of their respective leaderships in the matter of retaining maintenance and service employees in struck plants in order to maintain sprinkler systems and other fire protective devices, it being pointed out that destruction of plants would throw many workers out of jobs, with particular reference to maintenance men's walkout at Yale & Towne.

### Lucey Named Advertising Manager of A.I.U.

Acheson E. Lucey has been appointed advertising and public relations manager of American International Underwriters. He was recently released from the navy after nearly 3½ years with the navy's military government branch. Prior to his naval service, in which he last served as lieutenant commander, Mr. Lucey was advertising manager of U. S. Life, affiliate of the A.I.U. His previous connections included advertising, newspaper and radio work with other A.I.U. affiliates in the Orient.

For accident and health sales ideas, use The Accident & Health Bulletins. Write the A. & H. Bulletins, 420 E. 4th St., Cincinnati 2, O.

### THE OLDEST INSURANCE COMPANY IN THE WORLD



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**FACTUAL APPRAISALS**

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APPRAISAL ENGINEERS  
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APPRAISAL ENGINEERING BUILDING  
421 RAYMOND AVENUE  
CHICAGO 40

DISTRICT OFFICES IN OTHER PRINCIPAL CITIES

Impartial Valuations of Industrial and Commercial Property. Thirty-five years of factual appraisal service to America's more conservative business institutions.

## Payroll Audit MANAGER

Heretofore we have used outside auditing firms. We are now prepared to set up our own department.

This is therefore an unusual opportunity for a young man, who knows payroll auditing, to be in on the ground floor and establish his own department. It is a key home office position with a good future, in a leading Mid-Western stock company.

A personal interview will be arranged on receipt of your letter giving a brief outline of your experience and qualifications.

Box D-99

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# POINTERS FOR LOCAL AGENTS

## Sees Big Field in Conversion of War Plant Group Assured

By BERT A. HEDGES

B. M. A. Manager, Wichita

Since V-E Day, hundreds of thousands of war workers have lost their jobs and along with their jobs, their group life, accident and health and hospitalization protection. In the case of their life insurance not over 5% have taken advantage of the option to convert to individual policies at their attained ages. The other 95% simply lost this protection which in many instances represented a large percentage if not all the protection they had. With very few exceptions there was no provision for converting their accident and health and hospitalization policies to an individual basis, so that, too, was lost entirely.

In the case of group life insurance, the failure of most to convert is due to the fact that there is no follow-up by either company or agent to make the sale; because of the increased rate, often quite large because of advanced ages of employs, and because companies obviously do not encourage conversions as it is claimed that losses under converted group policies are abnormally high. Consequently, they pay no commissions and usually give no life insurance volume credit for conversions.

### Adverse Public Relations

Speaking from the viewpoint of a field man, it seems to me that it is high time some method is developed for salvaging the large volume of group insurance in its several forms if we are to maintain the good opinion of the public as well as to deserve their confidence, to say nothing of the customer's protection needs.

Without pretending to be an actuary it seems to me that if some incentive were given to agents to convert all group policies, the loss ratios would be better than under the present plan. For under present practices, the lame, halt and blind tend to convert their policies while the healthy members feel free to buy new insurance elsewhere.

Until such times as companies work out some plan for converting a larger percentage of group insurance, I suggest that the ordinary agent has a gold mine of prospects in this field right now. Surely, no agent should be lacking in prospects. Instead of bewailing the sudden cut-backs with resulting unemployment, he should be selling the ex-war workers some individual policies for their protection and his profit. Suppose they are temporarily out of jobs? They have more money than ever before in their lives and men still are dying or growing old. In our city, with a wartime population of 180,000 (swollen from 116,000 in 1940) some 30,000 workers in airplane factories have been laid off since V-E Day and 20,000 since V-J Day. Our company had the contract for hospitalization and Accident & Health insurance on the employees of the largest airplane factory which at its peak em-

ployed approximately 30,000 men and women. Another company has the group life insurance contract on this same firm.

On V-J Day there were still nearly 20,000 on the payroll. Within 60 days this number has been reduced to about 1,500. But when V-J Day came, we were ready with our public relations work. We had circulars prepared and before the final cutbacks had been made, everyone of our group policyowners had received an invitation to come to our office to discuss continuation of his protection.

### Results Still Continuing

The results have already surpassed our fondest hopes and are still continuing. At first we assigned two salesmen to floor duty each day but soon found this to be inadequate. At times we have had seven or eight salesmen on duty, even calling in one or two from territory outside the city to help with our reconversion problem.

Our hospitalization contract contains the right of conversion to an individual basis within 30 days of termination. No such option was offered under the A. & H. contract, a much smaller group. As stated above, another company carried the group life contract.

No salesman is paid any commission for converting the hospitalization policy. He is paid full commissions, of course, on any accident and health and life insurance he can sell during the transaction. New sales of life, accident and health insurance have been made on about 40% of all conversions even though all salesmen very carefully explained in each case that the group life contract was with another company and explained that evidence of good health if life insurance is to be placed with us.

During the 60-day period immediately following the majority of terminations, 75% of the new business was sold right in our offices. It was an experience which life insurance could have imagined only as a wild flight of fancy. At times we were obliged to have five or six potential buyers wait until a salesman could get to them. But courtesy was the guiding principle, whether the customer bought any new business or not. And the courtesy paid big dividends in several ways. Many times after declining to buy life insurance from us, the customer returned to do so or called up to ask that salesman to come out to write up a brother or daughter or some other member of the family.

The news that B.M.A. was rendering this kind of service spread among former workers in other war industries and they, too, came in or phoned.

Thousands of workers in our city factories are returning to smaller towns throughout the state and in nearby states. There they are going to work for themselves or for small concerns where no group insurance is available. Our representatives in those localities have been on the lookout for such people and are securing substantial amounts of business from them.

The period for conversion without evidence of insurability has now passed but this fact only adds to the possibilities for new business. For now all conversions must be, in reality, applications for new business. Those ex-war workers have, for the most part, found permanent jobs or business or have become

housewives. They still need that protection which they carried under various group plans. We have the records and Wichita addresses of our own large group. Many of them have left town but it is a simple matter to check this by use of the telephone. Since we have more than our salesmen could possibly contact in the next year, they discard most of those who have no telephone. However, having selected a dozen or so who they have found are still in town it is a simple matter to take another dozen cards on persons having no phones but living in the same part of the city each day and thus make additional contacts.

Far from being depressed by the sudden loss of fat war-time payrolls, our salesmen are chiefly worried by their inability to get around to their prospects.

It cost us several hundred dollars to lay the ground work for this project. Actually the results in new business gave both the salesmen, the company and the manager a substantial profit. But even if this had not been true I feel that it would have been well worth while in terms of good will engendered. Several thousand people to whom the B.M.A. was just another insurance company, are spreading thousands of dollars' worth of good will among their neighbors.

But I still feel that what little we are able to do in this way is not enough. I feel that there should be a more definite plan on the part of all companies to take care of the thousands of group policyowners who lose their insurance protection. This is no criticism of group insurance as such. It has enabled millions of Americans to own insurance protection which they would not have had under any other plan.

But surely, our companies are smart enough to develop some more effective plan which will permit these people to continue their protection on a permanent basis. As only a partial answer to the problems, I respectfully suggest the following:

- (1) Make names and addresses of group policyowners available to agents.
- (2) Pay to agent some commission as an incentive to convert larger numbers of those group certificates (all forms) to individual policies.
- (3) Develop some automatic plan whereby, for a slight increase in premiums, a group certificate may be continued for at least a readjustment period between jobs.
- (4) Develop some plans for paid up insurance such as ordinary life or limited pay on a group basis.

Here are the actual results of new business in the first 45 days of our project: Number of sales, 131; premium, \$7,100; life insurance, \$226,000.

This includes some business sold for other members of the family. All applications were on binding receipts, over half of them on annual basis. The figures do not include premium collections of over \$12,000 on converted hospitalization policies.

### Frank D. Moor's Suggestion

Frank D. Moor of the Midyette-Moor Agency, Tallahassee, immediate past president of the Florida Association of Insurance Agents, passes along this idea to all agencies. On dwelling house forms his office has had overprinted the name of the city and state, the name of the agency and in the body of the form the word "approved" for roof covering. Says Mr. Moor, "We find this quite a time saver, and believe it might be a suggestion larger agencies would like to adopt."

## Warns of Values Beyond Those of Inventory

A. M. Wiley of the home office analysis division of the Employers group, writing in the "Employers Pioneer," emphasizes the importance of department stores in connection with reporting policies including in the monthly report of values all "will call," alteration or repair items. Illustrating the large value that may exist and be unreported in such departments is the recent loss in Gary, Ind., where the value of such items was \$50,000.

Shoe departments that include repairs are often a source of large unreported value. Nevertheless, the store is liable for such property but the value is seldom included in the monthly reports.

Returns and exchanges present another large concealed value.

Merchandise to be sent or delivered is automatically removed from the stock sheets when sold, but may actually be on the store premises several days awaiting packing and shipping. This is particularly true over weekends and holidays. This tends to an accumulation of value in the shipping room, which does not show in inventory because, as far as bookkeeping goes, it is either a cash or a charge transaction and thereby on the books but not in inventory; however, in event of loss, the department store will have to make good to the customer. These values are at risk and should be recognized in the monthly reports.

### Receiving Room Sources

Sources of possible unreported value exist in the receiving room. For instance, there are returns, pickups or non-deliveries of merchandise which may amount to several thousand dollars a day. Until these items are returned to the various departments and are reticketed, they are lost as respects stock sheets or inventories. Then there is incoming merchandise from wholesalers, jobbers or factories. Frequently such items are on the premises for several days before they appear on the books in the main office.

Consigned goods represent another source of unreported value and possible loss. A separate record of consigned merchandise is often kept and periodically a report and payment are made to the consignee for the portion of the consigned goods which has been sold. In the event of loss the store may be liable for the full value of the consigned goods and such merchandise should be recognized in the monthly reports of values. Supplies such as wrapping paper, boxes, containers, order books, string and stationery, generally classed as an expense, are seldom inventoried. Yet, one department store occupying seven floors with two bundle desks on each floor has a total of more than \$5,000 in supplies.

### Check Inventory Value

Inasmuch as cost is not value, particularly under existing conditions, inventory value should be carefully checked each month in order that any appreciation in value over the original cost may be determined and reported and stated in the monthly reports of value.

Mr. Wiley states if the agent will take the time and effort required to make one complete check of value, he and the customer will be amazed at the amount of previously unreported values disclosed.



Bert Hedges

## EDITORIAL COMMENT

### Unionization of Office Workers

Unionization of office workers was discussed by several speakers—only one of whom was a union official—at the recent office management conference of the American Management Association. The A. M. A., as those who attend its insurance division's conferences know, is neither out to promote revolutionary innovations nor is it so ultra-conservative as to try to close its eyes to what is going on around it. Hence, the attention it pays to the matter of office-worker unions undoubtedly reflects A. M. A.'s customarily realistic attitude.

Unionization of office workers would seem to carry with it a quite general unionizing of all employees below the supervisory level. And if workers generally are to be organized it seems obvious that unions will be very different from the usual type of union today—different in control from within, in responsibility to the public and the employers, and in liability under regulatory statutes.

It will no longer be possible for a union to demand and obtain a high price because it is in control of a strategically placed trade or industry. When workers generally try to apply the scarcity-value principle to their services it becomes obvious to all that a union's exactions on behalf of its members, over and above a fair price for their services, is at the expense of other workers who are not organized, and only to a limited extent at the expense of the employers. The latter merely pass along the increased labor cost to the buyers in the form of higher prices.

So perhaps those who foresee with so much equanimity a condition so different from what most insurance office managers are accustomed to dealing with are basing their attitude on the expectation that if unionization is widespread it must of necessity be part of an orderly economic scheme, operated in the public interest as well as that of its members.

### Coininsurance and Depreciation

Judging from samples of casual conversations with insured, it seems as if the two points about fire insurance on which the public is the most grossly ignorant are the coininsurance clause and the principle of depreciation as applied to loss settlements. Coininsurance doesn't apply everywhere and perhaps the remedy where it does apply is for the agent or broker to see that his insured always carry enough to avoid the coininsurance penalty. It may be a tough job to sell them the required amount but not nearly so tough as trying to explain the coininsurance clause so that the layman understands it five minutes after the agent has stopped talking.

The depreciation matter is more universal and is responsible for a feeling among many insured that the companies rarely pay the full amount of a loss. This feeling is particularly prevalent

among home owners and others not accustomed to setting up depreciation reserves on their properties.

There are cases where it is very difficult for a layman confronted with a loss to understand that the house or furnishings he paid for and kept up and perhaps put a considerable amount of money into are not worth just as much as when new.

This feeling is perhaps accentuated by the fact that another important branch of insurance, life, does not pay less to a policyholder because he is older and his worth as an economic unit is less than when he was younger. In the absence of some sound method for paying policyholders the full replacement cost of their destroyed property it would be desirable to get the public to realize more clearly than it now does the reasonableness of allowing for depreciation in settling a loss.

### As the Twig Is Bent

The controller of one of the large fire insurance companies remarked the other day that he had an excellent opportunity in his position to study human nature. He watches the employees up and down the line and notes their way of living and philosophy of life. He said, for instance, that one of the most discouraging aspects is to find young people receiving \$10 for example and

spending \$11 or \$12. He observed that the employee who gets \$10 and spends only \$9 has the habit of saving and is able to get along. Thrift is being inculcated. Proportionately the percentage applies to larger sums.

In other words this controller said that he had no fear of an employee who knows how to handle his own money and himself, is not always hard up, who

has a savings account and knows the value of a dollar.

In the course of his comment he said that he had seen cases where an expense account was the ruin of what theretofore had been a satisfactory employee. When the employee found that he could charge up expenses and was not dealing with his own money he became extravagant. He padded his expense account.

That led him to become less thoughtful and considerate. The value of a

dollar, according to his estimation, went down.

After all it is these more common qualities and attributes that leave an impression on the men higher up. They study employees in the regular course of their day's work. The employee can make or break himself. One may be exceedingly brilliant and resourceful and yet the supervisor becomes apprehensive when he sees him spending more than he makes and hence borrowing from his associates.

## PERSONAL SIDE OF THE BUSINESS

**Emil C. Kosmak**, retired insurance man, is reported to be progressing well in the Hollywood Presbyterian Hospital, Los Angeles, after an operation. He was taken to the hospital just three weeks after the death of his wife. While active in insurance, Mr. Kosmak was with Phoenix of Hartford, Alfred M. Best Co. and Recording & Statistical Corp. of N. Y. His son, O. E. Kosmak, is with Lumbermen's Mutual Casualty in Los Angeles.

**Frank S. Ennis**, manager of advertising and publicity for America Fore, has been elected a director of the Association of National Advertisers.

**Richard H. McLarry**, president of the Texas Association of Insurance Agents, continues to hold his own at the Medical Arts Hospital, Dallas, where he was taken three weeks ago after a heart attack, following a game of golf. Mr. McLarry will be confined to his bed for many weeks, his secretary reports.

**H. T. Cartledge**, formerly deputy United States manager of Royal, who has retired from business, is now living at 170 Puritan avenue, Forest Hills, L.I., New York.

**H. H. Thatcher**, active in the agency field in Pontiac, Mich., since 1889, has just celebrated his 80th birthday. He went to Pontiac from Ann Arbor in 1879. He was for 14 years state agent of Hanover and later of Fidelity-Phoenix but for several years has devoted himself exclusively to the local agency, now Thatcher, Patterson & Beresford.

## DEATHS

**D. J. Walters**, 86, with the home office of Detroit Fire & Marine for 35 years prior to his retirement, died at his home.

**Mrs. Jennie Karau**, for many years an agent at Liberal, Kan., died there. She was well known especially among the older Kansas field men.

**R. R. Williams**, for many years a local agent at Pueblo, Colo., died at his home there after a long illness. He sold his agency to Watkins Brothers a few months ago.

**Mrs. Cliff C. Jones**, wife of the president of R. B. Jones & Sons agency of Kansas City, who is also chairman of Kansas City F. & M., died at St. Luke's Hospital following a long illness. Mrs. Jones was a member of an early day Kansas City family. She took an active interest in music and art and helped organize the Kansas City Museum of Art. She was a trustee of the museum at

the time of her death as well as of the Conservatory of Music.

**Edward J. Walsh**, founder and owner of Edward J. Walsh & Son, Washington, D. C. agency, died after a 5-year illness. Six weeks ago, his son, Capt. David E. Walsh, was killed in a jeep accident outside Paris.

Edward J. Walsh retired from the firm in 1939. He was formerly vice-president of the Washington American League baseball team.

**Julian J. Fleming**, 51, head of the Fleming-DeLeuil agency, Louisville, died there after more than a year's illness.

He started in insurance in Louisville nearly 30 years ago with the old Chapman Insurance Agency as an adjuster, also doing adjusting for Home and U. S. Casualty. Later for a time he was state agent of Century Indemnity and still later formed his own agency, later taking in Fred DeLeuil, a contractor, as a partner. He purchased Mr. DeLeuil's interest about six years ago. The agency specialized in fidelity and surety bonds. Mr. Fleming was a past president of the Louisville Casualty & Surety Association and past vice-president of the International Optimists Club.

The agency will be continued by his son, Julian J. Fleming, Jr., recently returned from service.

**Hiram McCullough**, who was office manager of the Illinois insurance department and also superintendent of the small loans division during the time that Ernest Palmer was insurance director, died at the age of 65. He has been a resident of Evanston, Ill., and was prominent in the lumber business at one time. He was a personal friend of Mr. Palmer.

### Henson Repeats Bank-Agent Talk

Douglas Henson, automobile underwriter in the southern department of Hartford Fire, repeated the talk on the bank-agent plan that he had given previously at a meeting of the Insurance Exchange of Houston, before a gathering of the Insurance Women of Houston last Friday evening. Mr. Henson's talk was reported in THE NATIONAL UNDERWRITER of Nov. 22.

More than 200 attended the Insurance Exchange gathering, including officials of every bank in Houston and from a number of suburban localities. The bank and agent auto plan film was also shown on that occasion.

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A local type of insurance of what is called "pert?" has been reported by the & Surety reports are in are serious of continuing their per They have "tax exp off to act tax reduc They were tion would there was near futu

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## Local Agent Runs Into Track of Tax Expert Who Counsels Non-Insurance

A local agent who has run into a new type of frustration due to the activities of what he characterizes as a "tax expert?" has written to the Fire, Casualty & Surety Bulletins for suggestions. He reports that several of his clients that are in the higher income tax brackets are seriously questioning the advisability of continuing to carry any insurance on their personal belongings and homes. They have recently been advised by a "tax expert?" that they would be better off to act as non-insurers and take as a tax reduction any loss they might have. They were also advised that their situation would not be greatly changed if there was a reduction in taxes in the near future.

James C. O'Connor, editor F. C. & S. Bulletins, in reply, stated that this proves that there is no length to which tax experts will not go.

"There are not many people in the 90% or even 80% tax bracket, despite all the publicity given them, and hence not very many people who can make Uncle Sam pay 90% or even 80% of their losses," Mr. O'Connor wrote. "Likewise, it seems to me that 10% is a pretty steep premium to pay.

"If you have a wealthy insured who is really 'tax happy,' as a few people seem to be, I do not suppose there is much you can do about this. That is, I mean there are some people in a frame of mind where they will do anything to try to get an income tax deduction, even to incurring ridiculous expenses which no sound business man would do, apparently thinking that it is sanctified if a portion of it is saved to income tax.

"However, for the average person, there is still going to be a pretty steep percentage of loss not paid by the government. I do not see how this tax expert argues that a change in the tax



"-WHILE SPEEDING TO GET HERE HE HAD AN ACCIDENT THAT WILL COST HIM \$12,000 AND HE HAS NO INSURANCE. HE SAYS HE CAN'T BE MARRIED FOR A WHILE."

law will not alter the situation, as naturally the lower the tax, the higher percentage of the loss the insured has to stand himself. It seems to me that the average person's premiums are not such tremendous items that he ought to forego

them for the possibility of securing an income tax deduction. If he has a loss, he has to stand a certain part of it himself and, for the average person, it is still going to be a pretty steep percentage, far more than the premium he would pay for any form of insurance.

"I suppose this tax expert based his argument on the fact that premiums on personal insurance are not deductible."

## WAC Heads Ordnance Unit's Insurance Section

WASHINGTON — Succeeding George Ort as head of the War Department ordnance corps insurance section is Capt. Lulu B. Humphries, women's army corps. Formerly with the Travelers agency at Shreveport, La., Capt. Humphries was connected with Louisiana ordnance plant, Shreveport, before joining WAC. She has been in the ordnance insurance section since Aug. 1, 1944.

The section is scheduled to fold up before long, as its work of handling claims and closing contracts under the ordnance department program is reported well on the way to completion.

## Davidson Resigns F.I.A. Post to Enter Another Line

James A. Davidson, superintendent of the underwriting department of the western department of Factory Insurance Association at Chicago, is resigning to enter the lumber and contracting business at Hancock, N. Y., with a personal friend, Frederick H. Starck, in the Martin Hermann Lumber Co. Mr. Davidson has been with Western Factory Association and Factory Insurance Association since 1929 when he left the Ohio Inspection Bureau. He was at first an engineer in Ohio, and then went into the Chicago office. After graduation from Armour Institute in 1926 he went with the Ohio Inspection Bureau.

## Bosses' Night Dinner

The annual bosses' night dinner given by the Little Rock Association of Insurance Women was attended by 46. Lawrence B. Burrow, attorney, acted as toastmaster.

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## New Strategy Is Employed in Health Cover Bill

### Revenue Provisions Left Out So New Committees Get Measure

WASHINGTON — New strategy is being employed by proponents of President Truman's health insurance program by having the revised Wagner-Murray-Dingell bill embodying the plan introduced without provisions for revenue to provide the benefits. By using this approach the bills were referred to the Senate committee on education and labor and the House committee on interstate and foreign commerce instead of to the Senate finance committee and the House ways and means committee where former proposals extending social security have been buried. In a statement accompanying his 78 page bill, Senator Wagner of New York points out that this method was employed in enacting railroad retirement legislation in 1935 and 1937. "If the Congress thinks that it is sound to provide prepaid medical care, the method of financing such a plan can be worked out jointly by the appropriate committees which have jurisdiction over these matters," he explains.

### Wagner Presents Arguments

The new measure which has been introduced in both houses covers public health services, maternal and child health services, medical care for needy persons and medical research in addition to the prepaid medical care provision. In explaining the latter he holds that "the financial barrier to adequate hospital and medical care is the basic reason for the unequal distribution of doctors and hospitals as between urban and rural areas, and as between prosperous and underprivileged communities. It is the basic reason for the failure of low-income families to receive as much medical care as the well-to-do, although they have more sickness.

### Breaks Down Financial Barriers

"A system of prepaid medical care will go a long way toward breaking down this financial barrier. Such a system will enable the people to obtain all needed medical care, and will give them security against catastrophic costs for which they cannot budget individually. It will encourage doctors to settle in rural areas, and communities to construct needed hospitals and health centers, by assuring adequate incomes, equipment, and facilities for modern medical practice. It will benefit patients, doctors and hospitals."

A nation-wide comprehensive prepayment medical care plan can be financed in any one of several different ways, Mr. Wagner points out. "Premiums can, for such a purpose, be raised through income or general taxes or through payroll contributions, or both. In either case minimum and maximum provisions can be provided. The extent of a general governmental contribution out of general revenues to such a plan depends upon the comprehensiveness of the groups covered and the services provided. All in all, these problems are best decided after a decision has been

(CONTINUED ON PAGE 24)

## Ill. Auto Law Publicity Is Now Going Strong

The Illinois state government, with the active support of Gov. Green, is now wholeheartedly engaged in impressing upon motorists knowledge of the new financial responsibility law that becomes effective Jan. 1. The educational program in that state was slow to get under way, but during December and January many faucets of propaganda will be turned on full force and it is expected that a great deal of new automobile insurance will be placed in effect during the weeks ahead.

Also the automobile assigned risk plan is in process of being revised to comply with the requirements of the law, a meeting already having been held on this subject.

The assigned risk plan in the past has applied only to certificated risks under the old responsibility law and trucks that are unable to get insurance to comply with the compulsory truck insurance law.

The report of accident form has been completed by the highway division of the department of public works and buildings, and that bureau has also gotten out a booklet "What Every Motorist Must Know." These are being distributed through the 10 district offices of the division of highways and through the highway police, garages, filling stations, police and sheriffs' offices and other places of contact with motorists.

There is a seven-color streamer to be placed in the windows of places where the booklet and report form is available, calling attention to the fact that a copy may be obtained there and urging motorists to get one.

Billboards are going up throughout the state bearing a message from T. P. Sullivan, director of public safety.

At the direction of Secretary of State Barrett, copies of the booklet and report form will be enclosed with all automobile license plates for 1946.

The highway police educational division is supplying speakers for public gatherings. A 15 minute radio script "It's the Law" has been appearing on B stations and during December it will be heard on A stations.

Releases will be sent out by the state for newspapers and spot announcements for radio.

## Double Indemnity Issue to U. S. Supreme Court

WASHINGTON—General American Life has filed brief in the U. S. Supreme Court opposing petition of Central National Bank, Cleveland, trustee under agreement with Edwin G. Thompson, deceased, for a writ to review decision of the sixth circuit court of appeals.

Question involved is whether the trustee-beneficiary is entitled to recover double indemnity on account of Thompson's death.

Thompson was shot and killed by Bryson Corbett, employe of Clinton P. Anderson, Albuquerque, insurance agency head and now Secretary of Agriculture, in Corbett's home after threatening to beat Corbett. Thompson had demanded of Anderson that he discharge Corbett or tell him to divorce his wife, with whom Thompson was having an affair, according to General American. Corbett had warned Thompson he would shoot him if he came to the house. Anderson had told Thompson Corbett would shoot, but had offered to bring the two together to discuss matters.

The case has been in the courts several years, having had three trials, been appealed and heard several times.

## Industrial Insurers Meet Next Week

### Strong Program Arranged for Annual Meeting in Nashville Dec 4-6

NASHVILLE, TENN.—The Industrial Insurers Conference will hold its annual meeting here next week, with the largest attendance in its history assured, and with a well-rounded program which starts with a meeting of the executive committee Tuesday night, Dec. 4. Edwin W. Craig, president of National Life & Accident, is president of the conference. The sessions proper will be held on Wednesday and Thursday in the auditorium of the National L. & A. building.

Among program features will be the appearance of A. N. Guertin, actuary of the American Life Convention; Commissioner McCormack of Tennessee, president National Association of Insurance Commissioners; R. W. Smith, president Unity Mutual Life & Accident, Los Angeles.

B. N. Woodson, executive vice-president of Commonwealth Life, will speak on "Morale Building"; Charles Luker, assistant vice-president of National Life & Accident, on "Selection of Agents."

The legal forum will be led by Harry N. Lukins, vice-president and general counsel of Washington National. Others participating in that forum will be J. M. Peebles, general counsel of National Life & Accident; E. H. O'Connor, managing director Insurance Economics Society; J. L. Duckworth, counsel Industrial Life & Health; W. C. Turpin, Jr., counsel Bankers Health & Life, and J. F. Finlay, counsel Interstate Life & Accident.

## Analyze Information Returns

Secretary of the Treasury Vinson has made public data tabulated from returns of certain classes of organizations exempt from income tax but that are required to file information returns.

These include:

Mutual companies or associations other than life or marine: Farmers hail, cyclone, fire or casualty, 1459 returns, \$28,364,000 income and receipts, \$23,408,000 disbursements.

Employee beneficiary associations, life, sick, accident, etc., 423 returns, \$48,077,000 total receipts and income.

## Tex. Compensation Hearing Dec. 14

Casualty Commissioner Gibbs of Texas has announced a hearing on workmen's compensation matters at Austin Dec. 14. Subjects to be considered include annual revision of compensation rates, employers' liability and occupational diseases written in conjunction with compensation insurance, amendment of the rule making contract stevedoring risks subject to the experience rating plan, interstate writing and interstate rating, and several suggestions for classification changes.

## American Surety Gives Prize

American Surety will give a special luncheon to the staff member making the largest single contribution to the company's suggestion program from Feb. 27, 1945, to Feb. 27, 1946. The winner will receive a check for \$100 and, if from outside New York, a trip to that city.

The appellate court directed the district court to dismiss the action. Corbett was acquitted of homicide.

## Spottke Favors Comprehensive Auto Casualty Cover

### Voices Opposition to Idea of Operator's Policy, in Ohio Talk

Those who have been following closely the undercurrents of opinion as to changes that should be made in the automobile insurance contract see special significance in one of the statements that was made by A. E. Spottke of the National Bureau of Casualty & Surety Underwriters in addressing the insurance educational conference at the University of Dayton.

Mr. Spottke said that the suggestion is advanced from time to time that the automobile policy should be made an operator's contract instead of a policy describing the car. Advocates of such a step, he declared, overlook the fact that the present policy is already more in coverage than an operator's policy. It is an operator's policy for the named insured and spouse plus a blanket coverage policy on the described automobile. "We should stop, look and listen before changing such a policy to something which will give less protection, especially in the face of the more extensive requirements of financial responsibility laws," the speaker asserted.

### Arguments of Advocates

It is known that there is quite an element in the automobile insurance field that is convinced that an operator's policy is the thing of the future and that it is the only way in which underwriting can be intelligently done and by which accurate occupational and other classification statistics can be accumulated and distinction in rates applied. They are in favor of issuing a policy that insures the operator's liability no matter what car he is driving. The underwriter could then know definitely whom he is insuring and could make an informed appraisal of the risk. It would then be possible to project any desired number of occupational classifications and the statistics could be analyzed in a close way.

The fact that Mr. Spottke comes out so definitely against such a course indicates that the bureau companies are opposed to it.

What Mr. Spottke does advocate is a comprehensive automobile liability policy for the single car owner. Such a contract would give the single car owner 100% protection except for hazards insurable under separate forms like workmen's compensation and inland marine exposures. He declared that the automobile physical damage insurers enhanced their prestige and their material position by giving the public comprehensive coverage.

### Dispensing with Limitations

Most of the exclusions and limitations in the present auto liability policy can be dispensed with at no disadvantage to the insurer and at nominal additional cost to the buyer, he contended. The buyer could then obtain comprehensive coverage at slightly higher cost or if he preferred present day coverage he could purchase the equivalent of the present policy at somewhat lower cost. The industry would offer a product virtually

(CONTINUED ON PAGE 24)

## Agents Strongly Support Company Program in Kan.

TOPEKA—W. A. Dumars, assistant commissioner of insurance, presided at a hearing held in the senate chambers here Monday regarding the revised classification and rates for auto bodily injury and property damage insurance as filed by the National Bureau of Casualty & Surety Underwriters on Sept. 27 and effective on policies issued on and after Oct. 15 and to all policies effective on and after Dec. 1.

The new rates do away with the war time method of classification which was according to the gasoline ration card held by the assured and now reverts back to the method previously used of classification of the pleasure and business use and also taking into consideration the mileage of each risk per year. The new rates are an increase in the various territories.

The hearing was ordered by Commissioner Hobbs to determine whether or not the manner in which revised classifications and rates become applicable to risks in Kansas is discriminatory, and whether or not the proposed rates to be used discriminate unfairly between risks written of essentially the same hazard. Because of incapacity and recent ill health, Commissioner Hobbs did not preside, although he participated in the hearing.

The National Bureau was represented by Assistant Secretary J. M. Cahill of New York, assisted by George M. Brewster, attorney of Topeka. C. J. Kenney, Chicago, vice-president and secretary of Allstate, spoke as the representative of the National Association of Independent Insurers.

Several prominent local agents as well as company representatives of non-conference companies were present. Among the agents that spoke in favor of the present plan and rates were Holmes Meade of Topeka and L. B. Brown of Wichita. Other well known agents present were Howard Fullington and A. E. Smoll, Wichita, Glen Hussey, Edwin Keller, Edwin Nellis, Nesbit Fink and C. G. Blakely, Jr., Topeka. All agents and company representatives expressed the opinion that they favored the plan of rate change and classification over those used in the past.

The Kansas department has not had supervision over casualty rates in the past and during the last session of the legislature a bill was passed giving the commissioner supervision in 1946. The hearing this week was called by the commissioner under his power to question on the score of unfair discrimination.

It was the contention of the companies that there would be unfair discrimination should the companies continue to rate risks under the old gasoline ration system when that war measure was done away with Aug. 15 and all persons after that date could purchase all the gasoline they desired. As to automobile liability and property damage rates in Kansas, figures were given showing the constant reduction in rates since 1939 and it was pointed out that the new rates just filed are 19% lower than before gasoline rationing was put into effect.

Information was also presented based on the report of the Kansas motor vehicle and highway patrol of increased number of automobile accidents in August and September this year compared with a year ago.

The companies and agents have been using the new rates, which have not been approved or rejected by the department. They point out that with the shortage of help, many renewals were worked 30 to 45 days in advance of the expiration and in many cases today the premium had been collected and policy delivered. To now have to go back to the assured and collect an additional premium and either endorse the policy or write a new policy would throw too

## Reasonable Notice Auto Liability Cover Interpreted by Louisiana Court

Where insured failed to give immediate notice of an accident to the insurance company because he was led to believe that no action would be taken by plaintiff, the Louisiana court of appeals held for the defendant insurer, State Farm Mutual Automobile.

Carl E. Toler, while backing his car out of his garage at the rear of the house occupied by himself and the Jacksons, struck and killed the infant child of the Jacksons. The Jacksons sued State Farm, the liability insurer of Toler. Eighty-two days after the accident, after he learned that the Jacksons were contemplating action for damages, Toler notified the local attorney and agent of State Farm and gave a statement regarding the accident. Attorneys for the Jacksons then notified the company, but the demand for damages was refused.

The notice clause in the policy called for written notice "as soon as practicable."

The court commented that the law governing the rights of injured parties under a policy of this kind "only gives to the party injured the same rights, subject to the terms and limits of the policy, as given to the assured, but it does not impose on the injured party the duty to give notice of the accident which caused him injury. This duty, under the policy, is imposed upon the assured only." There is no ambiguity in the policy, the court said, and "as soon as practicable" means as soon as the insured was aware of the accident and the resulting injury, not as soon as the insured was aware of a claim against him or his insurer for damages.

## Struck by Moving Auto Clause Is Construed

The Florida supreme court has construed a limited personal accident policy favorably to the insurer, in a case in which the insured was injured when the parked truck on which he was standing was struck by another car. The pertinent policy clause was one granting coverage for injuries "in consequence of being struck by an automobile which is in motion under its usual motive power."

The supreme court concluded that the clause implied an actual striking, an actual physical contact or collision between the moving automobile and the person of the insured. The fact is that the insured was not struck by the automobile. It never touched him.

The case was Metropolitan Casualty vs. Curry. Representing Metropolitan Casualty was McKay, Dixon & De Jarnette, Sam R. Mathews, while the insured was represented by Hendricks & Hendricks.

## Another Central Mutual Decision

COLUMBUS—The Ohio supreme court refused to enforce an assessment against the Hodge Drive-It-Yourself Co. of Cincinnati, which was insured in the defunct Central Mutual of Chicago, on the ground that the insured had not been notified of the assessment within a year after termination of insurance.

## Trimble to Commercial Standard

R. L. Trimble has joined Commercial Standard as claims adjuster in the home office. He was recently discharged from the army. Prior to his enlistment, he was employed in Dallas and also practiced law in Fort Worth.

large a burden on agents and companies and would create the loss of good will of the policyholders.

At the end of the day's session Mr. Dumars stated that the evidence would be taken under advisement by the department and the bureau and interested companies would be advised later of its decision.

## Newhouse & Sayre Make Air Cover Reductions

Newhouse & Sayre, general agents country-wide for the aviation business of the Employers group, have announced new aviation liability rates. The rates are identical with those announced last week by Aero Insurance Underwriters. Associated Aviation already had indicated that it would go to substantially the same basis as Aero and Newhouse & Sayre. The reductions are considerable, amounting to as much as 50% or more in some instances.

## Iowa Farm Mutual Gains; No New Expansion

DES MOINES—The Iowa Farm Mutual has 59,388 automobile policies in force as of Sept. 30, a gain of 12,516 during the preceding year, it was reported at the annual meeting of the Iowa Farm Bureau Federation here. Premiums totaled \$1,114,455 for the first nine months while disbursements totaled \$823,280.

Although there has been some talk that the federation might enter the fire and hospitalization fields no action was taken. County federations have been serving as collection agencies for the Blue Cross plan with at least 50 of the 99 counties being so covered.

A resolution was adopted favoring compulsory automobile insurance of some kind.

Iowa Life, a new federation company, had over \$26 million in force on Nov. 1.

## W. C. Stone Chicago Speaker

W. Clement Stone, president of Combined Mutual Casualty, speaking to the Chicago Accident & Health Association at its November meeting on "How to Develop a Success Formula," said the first step should be to take time to think. "Those who succeed find thinking time. Those who don't succeed fail to do so in many instances only because they do not engage in thinking time."

"One should determine his long-distance objectives, medium-term objectives and an immediate objective. One does not succeed unless he first knows exactly what he wants. You get in life exactly what you look for—good or bad."

Mr. Stone outlined some plans which he has used with success in the sale of accident and health insurance, based on this formula.

## Davis Atlanta President

The Atlanta Association of Accident & Health Underwriters at its annual meeting elected Lafayette Davis, Provident Life & Accident, president; J. M. Selman, Inter-Ocean Casualty, and C. E. Moss, Maccabees, vice-presidents; Miss L. E. Gunnell, Great Northern Life, secretary.

## Chicago Adjusters' Xmas Party

The Chicago Casualty Adjusters Association will hold its annual Christmas party in the Bal Tabarin room of the Sherman hotel Dec. 4. The party will consist of an open house, banquet and floor show.

A number of members of the Illinois Industrial Commission will be present and the guest speakers of the past year will be honorary guests.

Harvey Howard, Preferred Accident, succeeds G. A. Olson, manager claims division in Chicago for Maryland Casualty, as president of the association. Herbert F. Bloom, Lumbermen's Mutual Casualty, was elected vice-president. Robert T. Luce, vice-president and general counsel Casualty Mutual, remains as secretary.

## Dine the Scribes Dec. 17

NEW YORK—The Association of Casualty & Surety Executives will give its Christmas luncheon for the press Dec. 17 at the Bankers Club.

## Aetna Life Bonus, Dividends Higher

The Aetna Life directors have voted the payment of an additional 50% to all employees, computed on the earnings for the current year on the basis of the newly established wage-salary basis effective Dec. 1, which was an increase of 10% over the previous rate. Distribution will be made December 21.

Directors of Aetna Life declared an extra dividend of 40 cents, compared with 30 cents a year ago, and a regular of 30 cents.

Aetna Casualty directors voted an extra of 50 cents, same as last year, and a regular of 62½ cents on the \$6 million capital against \$3 million a year ago. Directors of Automobile declared a 40 cent extra, same as last year, and the regular of 25 cents. All are payable Jan. 2 to stock of record Nov. 30.

## Safety Efforts Only Way to Get Low Auto Rates: Antoine

ST. LOUIS, MO.—Louis H. Antoine, St. Louis branch manager of the American-Associated companies, speaking on "Post-War Rates and Coverage on Fleet and Passenger Automobiles" before the St. Louis insured members' conference of the Associated Industries of Missouri, said the lifting of the gasoline rationing regulations caught the automobile companies entirely unprepared, since they had written the great majority of their policies on an annual basis at rates based on only about one-half of the actual use of the automobiles that has followed the non-rationing conditions. The result was that the rates were entirely inadequate.

While the companies for a time at least will be called upon to carry the heavy burden of the terrific rise in automobile accidents that has followed the lifting of gasoline rationing, the greater part of the terrific accident cost eventually will be passed on to the buyers of automobile insurance when the rates catch up with the losses.

He said that the companies also will lose the benefit of the wider base of insured that comes with low insurance cost.

"Spread of risk is healthy for any form of underwriting," he added, "for only a small percentage of us are involved in accidents compared with the total number of operators. The more insured, therefore, the cheaper the individual premium. Insurance companies are constantly on the alert to spot the habitually bad risk."

"What then is the answer? Compulsory insurance? No! Massachusetts tried it. I venture to say that in addition to all insurance companies, the greater percentage of motorists would like to be well rid of it. Financial responsibility legislation? It helps, but the first bite is there."

"The only answer for low cost insurance lies in the answer for a safe city—concerted safety engineering."

## Place General Sales Manager

American Mutual Liability has appointed E. Eugene Place as general sales manager for the company.

Mr. Place joined American Mutual in 1930 and since 1942, he has been sales manager of the New York division. He is a graduate of M. I. T.

## Certain Fiduciary Rates Reduced

The Towner Rating Bureau has reduced the rates for fiduciary bonds executed in behalf of a national or state bank or trust company, and on fiduciary bonds in behalf of an individual as principal, serving as co-fiduciary with a national or state bank or trust company, whether or not the bank or trust company is bonded. The changes are effective Nov. 23. The final premiums for such bonds are now subject to a discount of 33⅓%, but manual minimums remain unchanged.



## Fidelity Losses on Increase, Sharp Rise Expected Soon

### War Conditions and Contract Cancellation Are Principal Reasons for Claims

NEW YORK—Fidelity bond losses, especially in banks, have risen during the past few months and it is expected that they will continue to rise sharply in the near future. This higher loss ratio has been expected for some time, as experience during the past two years was far better than normal, but wartime conditions brought about many new losses that are now coming to light.

In addition to these new losses, the surety companies have widened their coverage on the commercial blanket bond and blanket position bond, and therefore face a larger number of claims under the new provisions.

One of the reasons given for the coming loss increase is that while both labor and corporation gains went up during the war, the white collar worker often had his salary frozen and sometimes attempted to get his profits illegally. Also, while help was short during the war, many new employees were put in positions of trust without previous experience or the knowledge of the employer that they could fully be relied upon.

### Wartime Relations

Since during a time of prosperity the immediate management's checks on employees, and in some cases even the auditing systems, are relaxed these new workers, as well as those who had been trusted previously, took advantage of the opportunity presented them and embezzled or defrauded their company.

Future losses may arise when employees discover postwar salaries are not as high as they had been previously.

It is also very possible that there will be more crimes of violence, especially in light of the many new weapons that have been developed during the war. By the use of these a small group of properly armed men could easily take over a rural town or bank. A few rounds from the bazooka could conceivably puncture holes in a small vault.

### War Contract Losses

A large number of losses on government war contracts are expected to come to light as the contracts are cancelled, and these cases will be much harder to settle as to time of theft and the person or persons involved. Many firms were unable to determine what happened to all their money under a war contract, and as many of them were terminated suddenly, bookkeeping became difficult and confused. It is thought that some of these claims will be high.

However, most of the cases being uncovered at present are the normal losses from trusted employees, in a few instances the stealing going on regularly as far back as 1935. These are the depression cases. The claims expected for the thefts during the war have not made themselves felt seriously as yet, but the surety companies are preparing themselves to handle a considerably heavier volume over the next few years.

An interesting feature of the present rise is that it reflects practically no change as to disposition of the money. Gambling of all forms still is the reason for most thefts, with betting on the horses predominating.

Paul F. Ward, Steubenville, O., attorney, has been named secretary of the industrial commission.

## Proxy Contest Looms in Maryland Casualty

President Stewart McDonald of Maryland Casualty has addressed a communication to stockholders advising them to refrain from giving proxies to Milton L. Williams, a securities salesman of Chicago. It was Williams that brought an action against Maryland Casualty and Reconstruction Finance Corp., seeking to annul the financial advances of RFC to Maryland Casualty and to compel Maryland to make refund to RFC. After a lengthy trial Federal Judge Igoe at Chicago decided in favor of Maryland and RFC.

### After Stockholder List

Williams is seeking to get access to the stockholder list of Maryland Casualty. Under the Maryland law if an individual can get proxies from 5% of the stockholders he is entitled to examine the books and records and make copies of material. Williams has been trading very actively in Maryland Casualty stock.

Mr. McDonald, in his letter to stockholders, stated that matters growing out of the Williams' suit have "hampered the company's progress and may seriously affect its welfare." He observed that an insurer is an institution of credit and suffers from what may appear to be dissension among stockholders.

## 26 Suits in Cleveland Fire Case

A total of \$2 million is asked in 26 damage suits brought in common pleas court at Cleveland, in behalf of the estates of employees who died in the East Ohio Gas Co. fire and explosion Oct. 20, 1944.

Defendants also include Gas Machinery Co. of Cleveland as general contractors for the liquefied gas storage tanks; Pittsburgh-Des Moines Steel Co., as subcontractor for erection of the tanks, City of Cleveland as violating the building codes.

East Ohio Gas was a self-insurer as to its physical property and as to its third party liability except workmen's compensation, which was, of course, carried in the Ohio monopolistic fund.

## Mich. Responsibility Law Results

LANSING, MICH. — Michigan's strengthened financial responsibility law, which now has been in effect for a year, is "working out to everybody's advantage," in the opinion of Herman H. Dignan, secretary of state, who administers the statute.

Since the law became effective, 733 persons have lost their driving privileges as a result of its operation. Deposits with the department during the year totaled \$38,435, of which \$33,000 has been paid out to cover judgments against the drivers involved.

The relatively small size of the deposit total indicates that a large percentage of Michigan motorists now are insured against P. L. and P. D. hazards.

## Cite Need of Federal Actuarial Office

By H. C. HALLAM

WASHINGTON — With actuarial services required in a dozen or more governments and agencies, not to mention Congress, the suggestion is being advanced that Uncle Sam should set up a general actuarial office for the executive branch of the government, and possibly Congress another such office to advise itself on numerous legislative proposals touching insurance problems. The British government has a general official actuarial office.

At present there are actuarial divisions, sections, or offices in a number of government agencies, or individuals engaged in such agencies on actuarial tasks. But, it is said, there is little or no coordination of such actuarial work or service in the government. Such service lacks adequate trained manpower and is said to be hampered by low limitations on government salaries.

Congress itself has no actuaries on its staff, it is said, barring the temporary group headed by Com. Leonard Calhoun that is studying social security problems for the House ways and means committee. The Calhoun group includes R. B. Robbins of Teachers Insurance & Annuity.

### Unemployment Compensation

Yet Congress has this year been called upon by President Truman to deal legislatively with problems of emergency unemployment compensation growing out of reconversion. That and the impending general revision and expansion of social security that is projected represents only one group of problems with which Congress has to deal and which call for expert actuarial knowledge, experience and advice.

An example is the pending railroad retirement bill, designed to increase benefits to railroad workers. That measure is said to have been submitted to Congress without the railroad retirement board, which has been pushing it, obtaining any outside actuarial advice. The board has an actuarial employee on its staff in its Chicago headquarters.

When the railroad retirement bill was at the hearing stage in the house committee on interstate and foreign commerce some months ago, and committee members or opponents of the measure were asking questions calling for information of an actuarial character, the board finally persuaded W. R. Williamson, social security board chief actuary, to testify. More recently, Mr. Williamson is understood to have been consulted by Rep. Lea, California, chairman of the committee, which has been considering the bill in executive session.

### Veterans Legislation

Other examples of legislative problems that, it is believed, should call for expert actuarial information and advice—some of which are pending before Congress and others acted upon in the past few years—include veterans legislation relating to insurance, pensions, disability, hospitalization and the like, also concerning loans to veterans for homes,

farms, businesses; proposed inclusion of merchant seamen under something similar to the GI bill; war risk and wartime insurance, marine, etc., for shipping and cargoes during the emergency period; insurance in connection with ship construction; war damage insurance, including dealing with Philippine claims; civil aeronautics legislation, some of which has proposed a government revolving fund for plane insurance, also civil aeronautics board or administration investigation of aviation insurance; pension bills of all kinds; civil service retirement; tax and revenue legislation, including that relating to pension trust plans, etc. The list could be expanded considerably.

That there should be a general actuarial service in and for the government itself has been suggested or advocated by such leaders in the professional actuarial field and life insurance industry as Reinhard Hohaus of Metropolitan Life, and R. B. Robbins, who is on leave from his company. Their suggestion has been endorsed by such specialists in government service as Mr. Williamson.

If and when Congress ever gets around to authorizing actuarial service for itself or for the executive branch of the government, men in that professional field hope earnestly that provision will be made for adequate salaries. Because Congress hesitates to authorize salaries for anybody in the government above the \$10,000 allowed to its own members, the hope has been expressed that congressional salaries will be raised.

### Need Men to Do Big Job

Some actuaries in government service, now receiving less than \$10,000 salary, it is believed, could command much higher compensation in private business. Arthur Altmeyer, chairman of the social security board, who has to pass upon all sorts of actuarial and other problems related to his job, is paid only \$10,000 a year. It is felt that there should be authority lodged somewhere in the government to pay an outstanding actuary at the rate of \$25,000 a year if necessary to do a big job. Instead, government practice is to engage consultants in special fields at a stock fee of \$25 a day, in contrast to fees of hundreds of dollars a day charged by consulting actuaries to private clients.

The social security board is said to be the only government agency with much actuarial service and its staff in that line is limited to about half a dozen. Besides the Williamson staff, the board has Thomas C. Fichander, an actuarial employee, in its bureau of unemployment compensation. The railroad retirement board situation has already been referred to. The veterans administration occasionally calls for information and advice upon an actuarial advisory committee composed of some of the leading lights in the profession. Yet its actuarial problems are said to be immense, related to National Service Life and U. S. Government insurance, pensions, claims, disability allowances, loans to veterans for various purposes, etc.

### Needs of Army, Navy

The army and navy are constantly dealing with pensions and pension rates, and the retirement of officers and men, which should require actuarial information and advice, it is said. The civil service commission, which manages the civil service retirement and annuity system for civilian employees of government, is likewise in the actuarial field, in a measure.

War Damage Corp. has been fortunate in having the services of such experienced insurance men as Frank Christensen and J. V. Herd. The internal revenue bureau's pension trust service has a few actuarial employees working on numbers of retirement, pension trust and profit-sharing plans submitted under the corporation tax laws.

## Fete Anchor Casualty Veterans



Returned veterans of Anchor Casualty who were feted at home office at St. Paul in Armistice Day party:

Capt. James Devereaux, Maj. John Prims, Sgt. Carl Peterson, Capt. Robert Peasley, Lt. N. C. Norell (navy), Lt. Comm. George Terrell, Pfc. Dale Riegel, Lt. John Pfaender.

## ACCIDENT

### Civilian War Injury Accident Policy Pool Is Terminated

In line with tentative action taken at the annual meeting of the Health & Accident Underwriters Conference, the civilian war injury accident policy pool, with 54 companies participating, has been terminated. It was formed rather shortly after Pearl Harbor to provide

a low-cost accident policy for civilians against the hazard of accidental injury caused by enemy forces in the United States.

It was thought then that civilians might be injured at any time by explosive or incendiary bombs dropped from planes, or by defending against such attacks. This was a new and unexpected hazard, not covered by most accident policies. The government had made no provision for indemnifying citizens against this danger, but conservative accident insurance men did not

feel that it was a contingency against which any one company, no matter how large, could insure.

However, it was felt that the situation offered a challenge to private insurance and that its solution would demonstrate the ability of private carriers to meet unusual and unexpected hazards with complete safety to themselves, offering sure and adequate protection to the civilian population at low cost.

The Health & Accident Conference named a committee headed by C. O. Pauley, secretary of the Great Northern Life, which organized a reinsurance pool for writing these policies, overcoming very serious technical difficulties, and operated it for a little more than three years.

### Wisconsin Sports Coverage Plan Proves Popular

Athletics sports accident coverage is now being written through the Wisconsin Recreation Association by Illinois Mutual Casualty covering injuries received in regularly scheduled events of the association. There are 18 approved activities and premiums vary according to the hazard, soccer carrying a \$3 premium, basketball and softball \$1.50 and tennis and volleyball 50 cents. Payments on fractures run from \$150 down. Other schedules list payments for dislocation of joints, dental injuries and miscellaneous injuries, including \$250 for loss of an eye. Hospital expense payments up to \$55 are allowed plus a schedule for medical attendance not covered under the regular schedules.

John Zussman, association secretary with Milwaukee headquarters, reports wide interest in the coverage.

Illinois Mutual Casualty has been writing sports coverage since 1910.

### Hedges in Des Moines

Bert A. Hedges of Wichita, Kansas manager of Business Men's Assurance, will address the Des Moines Association of Accident & Health Underwriters Dec. 3, urging attendance at the winter meeting of the National association in Wichita Jan. 23-25. He is publicity chairman for that meeting.

Mr. Hedges also is on the program for the San Antonio, Dallas and Oklahoma City sales congresses in December.

### To Establish Utah Course

SALT LAKE CITY—The Utah Accident & Health Club at its November meeting voted to sponsor an accident and health course, along the line of that given at Purdue. This action was taken following a report by A. Harry Good, chairman of the education committee, and a talk by Prof. Edward Parry of Utah University on "How to Make the Course Pay Dividends." A class of 40 students was formed and is expected to be increased to more than 50. The fee for the course was fixed at \$15.

### Safety Activities Urged

In addressing the San Antonio Association of Accident & Health Underwriters, Francis C. Sullivan, Occidental Life, urged the sponsoring of safety activities. He had spoken to the Dallas association the previous day and told of the bicycle safety campaign there, which has as its objective saving the lives of youthful

bicycle riders.

It was announced that speakers at the sales congress Dec. 5 will include R. J. Costigan, president of the National Association, E. H. Mueller, managing director, and Bert A. Hedges, Business Men's Assurance, Wichita.

The resignation of President Tom McCreless, American Hospital & Life, who has been under the care of physicians for several months, was accepted and O. D. Harlan, Inter-Ocean Casualty, was elected president.

### Producers to Hear Scofield

LOS ANGELES—Ray G. Scofield, home office representative of Massachusetts Bonding, will address the Accident & Health Producers Association Nov. 29 on "Relationship of Agent to Settlement of Claims."

## SURETY

### Secures Writ in Washington State Bonding Dispute

SEATTLE—Russell H. Fluent, Washington state treasurer, has obtained an alternative writ of mandamus from Supreme Court Justice Beals directing Cliff Yelle, state auditor, to either issue a \$554 warrant to the Verne Cole Agency of Seattle, in payment of a surety bond premium on employees of the state treasurer's office, or show cause before the state supreme court when it reconvenes Jan. 10.

Mr. Yelle, backed by an opinion of Attorney-general Troy, refused to issue the warrant in payment of the premium, contending that the bond was not placed in accordance with statute, which requires that surety bond coverages be placed through the purchasing division of the state department of finance, budget and business. The entire state bond schedule some time ago was awarded on bid to American Bonding and Fidelity & Deposit. Subsequently, Mr. Fluent questioned the authority of the purchasing division to place coverage on his employees and ordered a bond through the Cole agency, which was written by the Hartford Accident.

### Saginaw Blanket Bond Criticized

SAGINAW, MICH.—Carl O. Little, Saginaw county treasurer, has been criticized severely by local agents because of his action in bringing township treasurers under a blanket bond covering their tax collection liability. It was announced last week that the 27 township treasurers had been covered under a bond issued by Michigan Surety.

George J. Leidlein, local agent, said Little had "high pressured" the township officials into joining in his plan, and that the program operated definitely to the detriment of individual agents throughout the county who had bonded the township officials in the past. Leidlein said the blanket bond effects no saving on the premium.

### Employers Mutual Liability Expands Fidelity and Group

WAUSAU, WIS.—Expansion of the fidelity department of Employers Mutual Liability and the recent adoption of a comprehensive group policy covering non-occupational accident and health protection for employees of policyholders and group surgical and hospital care for employees and dependents, also covering their medical expense, have been announced.

Following the quarterly meeting of directors, it was reported that Employers Mutual Liability and its affiliated company enjoyed the largest volume of business in the first 10 months of 1945 than for any comparable period. The liability company now has assets in excess of \$51,000,000 and surplus of \$8,000,000, with the fire company assets \$1,300,000 and surplus \$500,000.



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1. Blanket Fidelity
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MAY BE SECURED BY WRITING TO THE COMPANY

W. J. STITELER, PRESIDENT

★ 1935 TENTH ANNIVERSARY 1945 ★





## CHANGES IN CASUALTY FIELD

### W. H. C. Griffith Is Now F. & D. V.-P.

BALTIMORE—Election of W. H. C. Griffith as vice-president in charge of the judicial bond department of Fidelity & Deposit is announced. He succeeds the late Austin H. Geiselman. A native of Maryland, Mr. Griffith joined F. & D. in 1928 as a member of its judicial inspection bureau in New England. He had previously been connected with a Baltimore investment banking firm. Four years later he was called into the home office as a judicial bond underwriter and in 1941 was promoted to assistant manager of that department.

### State Farm Mutual Names Curry

BLOOMINGTON, ILL. — H. E. Curry, general manager of Central Assurance of Ohio and formerly actuary for Farm Bureau automobile, life and fire companies of Columbus, has been named actuary for State Farm Mutual. Mr. Curry succeeds the late R. C. Mead.

Mr. Curry was with the Farm Bureau companies from 1929 to July, 1943, and has been general manager of Central Assurance since that time. He graduated from Ohio State University in 1929.

Mr. Curry has won especial recognition for his work in the field of medical expense insurance. As chairman of the medical insurance committee of the Health & Accident Underwriters Conference, he worked out detailed underwriting procedures and suggestions for the writing of medical expense cover which are now being followed by many of the companies operating in that field.

### Heaney Hartford A. & I. Assistant Manager at K. C.

Walter E. Heaney has been appointed assistant manager of Hartford Accident at Kansas City. He has been superintendent of the casualty department there since 1937. He attended St. Rita's College in Chicago and became associated with the western department of Hartford Accident in 1914.

### C. M. Bottinger to Special Risks Post for Globe

NEW YORK—A special risks department, under the supervision of Charles M. Bottinger, has been created in the New York City office of Globe Indemnity. Mr. Bottinger has been with Globe 20 years. Since 1924, the classification, schedule and experience rating and re-

### General Counsel

The new general counsel of Travelers—Millard Bartels—is destined, observers close to Travelers believe, to be one of the key men in the top management of that institution. He has been in the law department of Travelers since 1933 and he has been assigned to progressively more important duties. He went with Travelers in the compensation and liability department in 1929 after graduating from Cornell University law school.



Millard Bartels

As general counsel he succeeds Francis W. Cole, who was named chairman last July but who retained the position of general counsel pending the appointment of a successor.

prospective adjustment of both metropolitan and nation-wide risks formed an important part of his work. As assistant superintendent of the metropolitan engineering department in later years, Mr. Bottinger supervised the servicing of large compensation and fleet risks. In 1941, he was transferred to the home office as assistant to Graham Watts, assistant secretary, where his work has since been principally connected with defense projects and other special risks.

### Skinnell at Kemper N. Y. Post

Andrew R. Skinnell, recently released captain in the army service forces Transportation corps board, has been appointed assistant manager at New York of the Kemper companies.

Mr. Skinnell joined the Kemper organization at Philadelphia in 1930 and later was put in charge of budgets and purchases. Before entering the army in 1942, he was assistant sales manager.

### Central Surety New Wash. Setup

Harry Peyton, general agent at Seattle, and the Harold L. Stamey Co. of Tacoma, have been named to represent Central Surety and Central Surety Fire in Washington. Mr. Stamey was for some years with the general agency of Hansen & Rowland.

### Opens Aircraft Department

E. M. Barr, recently discharged as an army air captain, has joined Don J. Kelleher & Associates, Charlotte, N. C., general agents. He will organize an aircraft department as well as assist in the management of the agency which covers the Carolinas.

### Commercial Standard Men Return

Edgar S. West, Jr., recently discharged from the army air forces, has returned to his old position in the accounting department of Commercial Standard. He served 21 months with the 8th air force.

Ray Squyres, who has been in the navy, has resumed his duties as special agent at Oklahoma City.

### Duncan to Andrews Claim Service

Guy E. Duncan is resigning as resident vice-president of National Automobile & Casualty at Houston to become associated with the T. G. Andrews Claim Service in the Bankers Mortgage building, Houston.

### CASUALTY UNDERWRITER

Experienced in casualty lines, by Bureau stock casualty company. Excellent opportunity for advancement. In reply give full information including salary desired. Our employees know of this ad. Address D-97, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

### WANTED

Young man with some experience in surety bonds. Large progressive agency in Chicago. Give salary desired, details of education, experience in first letter. Our employees know of this ad. Address E-5, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

## OTHERS MAY...



*but*

## WE HAVEN'T BEEN ASLEEP DURING THE PAST WAR YEARS

During the past war years, we were successful in increasing our service to our agents, and in addition thereto, developed the use of the order blank in lieu of applications for many uses, introduced the bonded signature cards, introduced "bonded contractor" bonds, and brought out a full line of advertising leaflets for the use of our agents, together with the handiest rate manual ever published.

## WESTERN SURETY COMPANY

Western Surety Bldg. 21 W. 10th Street 175 W. Jackson Blvd.  
Sioux Falls, S. Dakota Kansas City 6, Mo. Chicago 4, Illinois

Agents are invited to write for samples of the order blanks developed as part of our program of success through helping agents to succeed.

ONE OF AMERICA'S  
OLDEST BONDING COMPANIES

## COMPANIES

### Old and New West American Stockholders Litigate

LOS ANGELES—Ohio Casualty has entered suit in federal court here against Harold Bayly, formerly principal stockholder of West American, for the recovery of \$18,154 tax deficiencies developed since the purchase from Bayly of West American, plus a \$5,023 judgment secured by George Burton, former employee of West American, secured since the consummation of the sale.

Ohio Casualty alleges that at the time of the purchase an indemnity and hold harmless agreement both as to taxes and the Burton suit was executed by Bayly; due to the fact the correct tax obligation had not been finally determinable and due to the fact the Burton suit still was pending. The purchaser held that the contract between West American and Burton was legal and binding, making his dismissal by Bayly a liability of the company for the complete performance of the contract.

Officials of West American, in an interview, said the legal action was one between present and former shareholders.

It is understood the tax issue revolved around the basis for valuing claim reserves, Bayly having used schedule P and the government insisting on the case basis.

### Wolverine Enters Minnesota

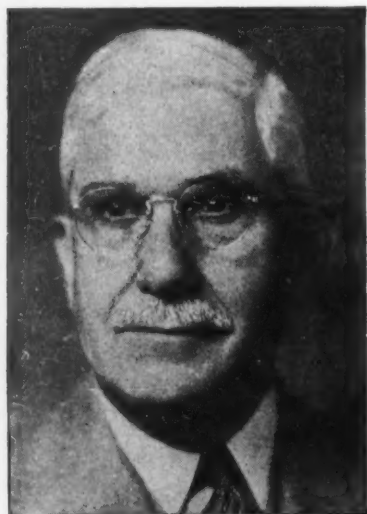
Wolverine of Lansing has been licensed in Minnesota and plans to write all casualty lines except surety and workmen's compensation. It was already entered in Michigan, Ohio, Indiana and Illinois.

George K. Funston, president of Trinity College, has been elected a director of Hartford Steam Boiler to fill the vacancy caused by the recent death of W. R. C. Corson.

## DEATHS

### Low Webb, Agency Leader in Casualty Field, Dies at 75

Funeral services were held at Pomona, Cal., Saturday afternoon for Lew H. Webb, who retired Jan. 1, 1944, as president of the Conkling, Price & Webb



LEW H. WEBB

agency of Chicago, and who had been residing at Claremont, Cal., since last December. He was 75 years of age.

Mr. Webb suffered a heart attack last year just as he was preparing to

move to California but he recovered so as to be able to make the trip and he had gotten able to get about and to drive a car. However, he suffered a setback and was taken to a hospital a week before his death.

Mr. Webb served three terms as president of the National Association of Casualty & Surety Agents. He went with Conkling, Price & Webb 51 years ago, just a year after the agency had been formed by Benjamin H. Conkling, Fred A. Price and George D. Webb.

Mr. Conkling and Mr. Price were great men on the production front while George Webb was the company contact man and underwriting executive. Lew Webb handled principally statistics and accounting work and was a very popular member of the organization but it was not until his brother's death in 1936 and he was made president that he assumed active managerial responsibilities. He became a forceful administrator and took a keen interest in insurance organization work. He represented the casualty agents association at many conferences with companies and he attended the sessions of the insurance commissioners association.

In California the Webbs had close at hand two of their three sons and their daughter and son-in-law. Robert Webb, one of the sons, was formerly associated with Conkling, Price & Webb, but he is now engaged in Y.M.C.A. work.

Hal Byers of Hawkeye Casualty died of a sudden heart attack. A graduate of Drake University, he practiced law for a number of years. He was with Farmers Mutual Hail of Des Moines 18 years before joining Hawkeye in 1945 as claims manager of the Illinois branch.

Daniel W. Burbank, 59, prominent Pacific Coast insurance attorney, died at his home in San Francisco. Mr. Burbank, who started his law practice as a referee with the industrial accident commission and later as attorney for the state compensation fund, has represented casualty companies and organizations, including the California Inspection Rating Bureau, for many years.

James H. Jarvis, 68, with Provident Life & Accident for 35 years, is dead. He was serving in the southeastern division at the time of his death.

## PERSONALS

W. B. Cornett, vice-president of Loyal Protective Life, is visiting agencies in Detroit, Chicago, Minneapolis, Missoula, Mont., Seattle, Portland, San Francisco, Oakland, Los Angeles, Kansas City, St. Louis, Columbus and Cleveland. He will return to Boston about Dec. 11.

E. D. Loring of Chicago, vice-president of American Automobile, is on a vacation in Arizona.

### Spottke Favors Comprehensive Auto

(CONTINUED FROM PAGE 10)

flawless as far as the public is concerned, and would add immeasurably to the strength of the financial responsibility type of law.

On the question of a combined bodily injury and property damage limit, Mr. Spottke said the main advantage is its easier comprehension by the insured and the greater simplicity of expressing the limit in the policy. On the other hand, there is the requirement under all financial responsibility laws for separate amounts of B.I. and P.D. A single combined limit of \$10,000 would probably cost as much as the standard limit B.I. and P.D. combined. The insured might consider the coverage less under the single limit as he might compare the \$10,000 limit with the \$10,000 for B.I. and \$5,000 for P.D., a total of \$15,000 under the dual limit contract. Then there is the possible adverse effect in the cost of settling claims under a \$10,000 single

limit policy. Claims men are convinced that claims would cost more to settle and, if so, the policy would become more expensive.

There are decided differences of opinion on the idea of extending medical payments cover to take care of claims of others than passengers of the insured automobile and also to add a certain amount of medical payments coverage to the basic B.I. coverage.

In connection with the new automobile classification plan, he said serious consideration should be given to including in the policy a statement of the classification at which the policy is insured. This would be purely for rating purposes and would have no bearing on coverage. This would further safeguard the assignment of classifications which is of the utmost importance and might reduce the work for producers if such an insertion would justify elimination of the use of a rating form for class A-1 risks.

### Davey on Aviation Insurance

Aviation insurance is almost never sold; the agent in most cases acts as a mere order taker, F. N. Davey, vice-president American Aviation & General, told the conference. He urged agents to take a more active interest in soliciting aviation coverage. They should contact aircraft dealers on fields near their homes. Dealers are looking for outlets to finance the sale of aircraft. A bank is fully protected under a master policy issued to the bank, he said.

American Aviation & General has adopted the all-risk form, he said. The policy provides for automatic reinstatement as soon as repairs are made. It is important to have damaged aircraft protected from vandalism so as to reduce claim cost, he said.

A definite relation exists between the quality of service an agency is able to offer its clients and its rate of progress, Oscar Beling, superintendent agency systems department Royal Liverpool, declared. All functions of an agency are part and parcel of the service to the public and they all have an important part in building the agency and getting more profit out of the premium dollar. To back up the sales staff and its organized activities, there must be an efficient and well coordinated internal plan of procedure not only designed to service and record business properly but also to assist in providing leads for additional coverage.

### Line Records Important

The line records are highly important in that connection and the records should be simple, adequate, and readily available, Mr. Beling said. They should be used for all customers' accounts, rather than only the important ones. A line record showing only one or two small policies is a warning that unless the client is more thoroughly sold, the account will be unprofitable.

He strongly recommended the line folder plan, based on alphabetical filing of daily reports combined with line records using a folder designed to show on its filing face a brief listing of the lines written. When arranged alphabetically by customers' names each containing all daily reports regardless of the class of business on that particular customer, the folders can be quickly found and the necessary data located. An expiration control feature can be incorporated profitably. A production guide on the reverse or back cover showing the popular coverages and whether they have been written or not is a helpful sales guide. Engineering reports, survey material, and other data may be also filed in the folders.

The average profit an agent may expect is 8% of premium volume and a minor saving of \$10 a month from a change in functional operations means 8% on \$1,500 a year.

Daily reports should not be kept too long and many agents destroy them after one year with the exception of workmen's compensation and general liability, held as long as the respective statutory limitations.

Every agency should have a definite collection policy with teeth in it, Mr.

Beling said. A determined effort should be made to collect the premium on the day promised. Worthwhile business is seldom lost through insistence on prompt payment. A cancellation for non-payment is not so much a loss of business as it is a guarantee against loss of profit.

H. E. Kline, secretary-treasurer Master Electric Co., an insurance buyer, said agents should know needs and coverages, service their policies, eliminate minor technicalities, keep the client informed on developments in terms he can understand, tell him about the exclusions, make suggestions in the event of loss, and handle renewals with foresight.

The first word from an insurance company on an aircraft hull claim in a case he knew about was a letter from a legal firm attempting to adjust the claim. The buyer doesn't like to feel the agent is such a stranger he needs an introduction when he calls on his clients. New policies and coverages should be described to the policyholder.

Mr. Kline said the buyer objected to criticism of a competitor, a competitive plan, or competitive broker; forcing a form of insurance not suited to the client's needs; sharp practices, avoidance of criticism and avoidance of the opportunity to serve clients.

## New Strategy in Health Cover Bill

(CONTINUED FROM PAGE 10)

reached on all the details of the medical care plan itself. Moreover, the financial details relating to the raising of the revenue for the plan raise many special problems which have a bearing on existing income taxes and payroll contributions and should be considered in relation to these laws.

### Answers Regimentation Charges

In answer to criticisms that a prepaid medical care plan involves regimentation of doctors and patients, lowered standards, political medicine and socialized medicine, etc., Mr. Wagner holds "prepaid medical care is not socialized medicine; it is not state medicine."

"A system of prepaid medical care is simply a method of assuring a person ready access to the medical care that he or she needs by eliminating the financial barrier between the patient and doctor or hospital. Since patients are guaranteed free choice of doctor, doctors are guaranteed the right to accept or reject patients, and hospitals are guaranteed freedom to manage their affairs, it should be obvious that the system does not involve regimentation of doctors, hospitals or patients. Neither do I believe the propaganda that the doctors of this country will lower the standards of medical care simply because they are guaranteed payment for their services."

Freedom of medical practice is carefully safeguarded, according to Mr. Wagner. "Each person is entitled to choose his own family doctor from among all physicians or groups of physicians in the community who have voluntarily agreed to go into the system." He amplifies this contention to considerable extent in his statement.

### Voluntary Plans Viewed

The senator attempts to secure the support of existing voluntary insurance or prepayment plans and similar agencies by pointing out that "all qualified hospitals, all qualified medical groups or organizations, will be able to participate in the program as organizations that will furnish services to the insured persons who choose them; they will receive fair payments for the services they furnish under the bill; and they will have enlarged opportunities to be service agencies for particular groups or for their communities. This applies to service organizations created by trade unions, consumer groups, employers, nonprofit community groups, churches, fraternal associations, groups of doctors or individual doctors, medical societies, or many other

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kinds of sponsors, or groups of sponsors. The bill not only provides for utilizing existing service organizations, but it also encourages the creation of new ones.

"The groups operating under the Blue Cross hospital insurance plans will be able to continue to act as representatives of the participating hospitals and the community groups that own or manage the hospitals, and they will have large opportunities to be important public organizations that facilitate the administration of vital parts of the insurance system. The same will be true for many other community and public organizations.

"Medical service groups, private clinics, salaried staffs of hospitals, group-service plans such as the Kaiser or the Ross-Loos plan, furnishing service under the system would be as free as they are today to select their own staffs and their own method of paying physicians and others on their staffs, irrespective of the method of payment which prevailed among the individually practicing physicians or dentists of the local area."

#### Decentralized Administration

Administrative officers are given duties to perform and the necessary authority so that they can carry out their duties efficiently and promptly, Mr. Wagner states. But their authority is carefully limited through checks and balances. Limitations are carefully specified in the bill; for example, the rights of insured persons and of physicians, and hospitals, are set down.

"Moreover, the surgeon general is directed to decentralize the administration of the program to the maximum extent possible, and administration through the states and localities is given preference and priority wherever the state and local authorities wish to take over the responsibility. Where no such arrangements have been made, the surgeon general is directed to establish committees in each locality to aid in the administration of the program and to assure that the program will be adapted to local needs."

#### RESTATES CHAMBER'S STAND

In distributing copies of President Truman's message recommending a national system of compulsory health insurance, A. L. Kirkpatrick, manager U. S. Chamber of Commerce insurance department, calls attention to the chamber policy on medical and cash sickness benefits, as established by referendum vote of chamber organization members. The chamber's position has been stated as follows:

"Employers who have not done so, should explore voluntary means of providing protection for their employees against nonoccupational diseases and accidents.

"Public action should only be taken if after a reasonable period of time substantial gaps of employees remain unprotected.

"Public action, if taken, should be at the state level and not at the federal level.

"Voluntary group efforts to provide more adequate service is urged.

"Avoid a system of socialized medicine where doctors become government employees and which would prevent a free choice of doctor by the patient."

While the President and Senator Wagner assert the new program is not socialized medicine, commentators point out that it might ultimately become so, as the practice of medicine could not long remain "half free and half government" and that "eventually it will be all government medicine."

#### Dog Association Held Insurer

The Ohio department has ordered the Dog Owners Mutual Protective Association of America to discontinue issuance of a contract which provides that dog owners shall be indemnified for hospital bills and legal fees incurred as a result of a dog's actions. The department holds that this substantially amounts to insurance and that the association is not set up as an insurance company.

#### Insures Payments of Mortgages If Unemployed

CLEVELAND—A plan, under which the insurer pays the entire monthly mortgage service charges when the mortgagor is unemployed is being offered by First Mortgages Insurance Co., Hanna building, here.

Business is being solicited by mail direct from home owners. According to the issued literature for a premium of \$4.16 a month a home owner who has a \$5,700 mortgage will have his charges paid by the insurer when he is unemployed and employment is unobtainable. Coverage is any time during the entire life of the mortgage. The coverage applies during any period or periods of unemployment. Premiums are proportionate to mortgage payments. Premiums must be paid for a six month period for insured to become eligible for benefits. When insured is unemployed, premiums are not payable. Benefits are payable during life of mortgage after first six months insurance has been in effect, provided insured is unemployed for 20 days or more. Advertising material says there is neither time limits or aggregate period of benefits, provided insured maintains his contract.

Severance or termination pay is not considered employment, nor is social se-

curity benefits, workmen's compensation or other insurable benefits of like nature considered employment under terms of the contract.

Insured is not obliged to take work available, if the work is not within his capability. But, if it is within his capability, he must accept employment. The company offers to assist insured in getting work when unemployed. The charges assumed by the insurer are paid direct to the mortgagee during the entire period of unemployment and for the life of the contract. The contract terminates upon: sale of the property, delinquency in payment of mortgage service charges or premiums while employed, death of mortgagor, false statement in application, or if insured becomes unemployable by reason of disability. In the latter case the contract is automatically cancelled. It may be reinstated upon insured obtaining gainful employment.

W. K. Hardt, president of Girard Life, and a director of First Mortgages, is pictured in the circular.

Daniel S. Blackman is the main factor in the enterprise.

#### Test Nebraska Auto Law

KEARNEY, NEB.—Nebraska's new automobile financial responsibility law will be tested in court as a result of a

restraining order granted by District Judge Reed against revoking the driver's license of Bert Samuelson, Elm Creek farmer, who contends he believed he had insurance in that he had made application for it through a regular insurance agent.

#### Colonial Defers Withdrawal

SAN FRANCISCO—President James R. McNabb of Colonial of Los Angeles has asked Commissioner Garrison to extend the effective date of his company's intention to withdraw from the California motor vehicle agreement from Dec. 1 to Feb. 1. This gives the special committee drafting several amendments to the agreement additional time to obtain approval of the entire advisory group.

It is understood that one of Colonial's principal objections to the present agreement is the provision for filing rates. There appears to be a general understanding among all of the companies subscribing to the agreement that this requirement is no longer necessary.

#### U. S. F. & G. Pays Bonus

U. S. F. & G. is paying a bonus of one-half month's salary to employees that have been on the rolls since Dec. 31, 1944.

## An OPPORTUNITY for a FIELD MANAGER Who Knows NORTHERN ILLINOIS

This is one of those exceptional openings that seldom are offered — A chance to take over a well established territory that is growing every year — An assurance of any assistance desired from the former manager — Representing a strong, aggressive, Mid-West independent stock company writing all lines of Casualty and with a Fire associate.

A young energetic man who can work with agents to develop business will find in this spot a profitable starting salary and an extremely bright future. Write, giving sufficient information for the arranging of a personal interview.

Box D-98

THE NATIONAL UNDERWRITER

175 W. Jackson Blvd.

Chicago 4, Ill.

## Cleaveland, Jr., to Presidency of Bituminous Cas.

Harry H. Cleaveland, Sr., has been advanced to chairman of Bituminous Casualty and Bituminous F. & M., and H. H. Cleaveland, Jr., becomes president of the two companies. Mr. Cleaveland continues as senior member of the firm which manages the companies, consisting of the two Cleavelands and F. B. White.



H. H. Cleaveland, Sr.

Mr. Cleaveland, Sr., desired relief from some of his business responsibilities but will continue to be vitally in shaping general management policies. Mr. Cleaveland has been handling much of the executive work. The companies will continue to operate under the same policies as in the past.

Mr. Cleaveland, Sr., a leader in Rock Island civic and business affairs for many years, is a partner in the H. H. Cleaveland Agency, founded in 1868 by his great grandfather. He was chairman of Bituminous Casualty from its incorporation in 1928 to 1936 when President H. W. Cozad died, then president.

He reorganized the Cleaveland agency in 1890. He served as state director of the department of public works and buildings 1929 to 1933 and was grand commander of the Knights Templar of Illinois in 1910.

Mr. Cleaveland, Jr., joined the Cleaveland agency in 1920. He has been vice-president of Bituminous Casualty for 10 years and of the fire affiliate since it was organized three years ago.

Bituminous Casualty was organized in 1917 as a reciprocal, changing to a stock company in 1928. After specializing in coal mine compensation risks for years in 1932 it branched out into general compensation underwriting and entered the automobile field three years ago.

## Procopio Ends Navy Work; Shelly Insurance Chief

Lt. Com. Samuel Procopio leaves this week as chief Navy Department insurance division, and will be succeeded by Lt. R. E. Shelly, formerly of Mather & Co., Philadelphia. The division will become permanent and staffed by civilians, it is understood.

Procopio returns to Employers Liability, assigned to their New England office, Boston.

## Should Be Limitation on Reopening of W. C. Claims

There should be a statutory limitation on the reopening of workmen's compensation claims, Henry C. Sayer, general manager of the Compensation Insurance Rating Board of New York said in a talk at the meeting of the International Association of Industrial Accident Boards & Commissions at Winston-Salem, N. C.

There must be an end of litigation some time, Mr. Sayer said. He said in New York reopening of old cases increased in frequency after the case had been supposedly settled, and New York state finally set up a fund for reopened cases. There is now a statutory limitation of 18 years after the accident and eight years after the last payment of compensation.

The question may arise in acute form in war industries, Mr. Sayer said, be-

## Accountants Told About Substitute for Reinsurance

(CONTINUED FROM PAGE 6)

large number of companies, each contributing fairly and honestly in this manner for the welfare of all, very few if any companies would ever require assistance. It would of course be necessary to provide a contract for each company to execute providing certain restrictions and penalties. He conceded that it is manifestly unfair for a company with a low loss ratio to pay other members of the pool higher loss ratios through its contributions without some adjustment other than through contingent commissions.

### Offers Tentative Suggestion

Mr. Titcomb advanced the following tentative suggestions to take care of this situation: (1) That the amount received by any company in excess of the average loss ratio shall be returned to the pool within five years at 5% interest; (2) If and when an amount is returned to the pool it will be immediately distributed to the companies which had made contributions with the interest in the same ratio as loaned by each company; (3) If a member does not elect to receive any excess under these conditions it is not compulsory; (4) If none of the members elect to receive the excess, there would be no exchange of funds, but each member would be bearing its own loss ratio on its own business; (5) In any case each member must bear its own loss ratio eventually, but any company would have assistance for five years in the event of an unfortunate loss experience; (6) Any company submitting a poor class of business would be penalized and would gain nothing but financial assistance at a high rate of interest; (7) The proposition is to make adjustments that would be fair to all so that any company would have protection for unfortunate expensive losses; (8) It might be advisable to limit the amount any company could report on any one risk, as well as its total contributions in any one year; (9) All companies would limit their lines reported to the bureau to their net retentions on accommodation and undesirable business.

Anticipating various questions from the audience, Mr. Titcomb said that all classes of business insured by fire companies would be included, and any reputable company entered in a majority of the states and having a reasonable five year loss ratio and conforming to usual underwriting standards would be eligible, there need be no interference with any other reinsurance contracts or arrangements at any time subject to the fulfillment of any incurred obligations, it would seem necessary to place a limit on the amount any one company could report to the association, to make such an arrangement attractive and successful the loss ratio must be kept down to a reasonable figure by some restrictions which would be acceptable to all.

Mr. Titcomb emphasized that the main object of such an arrangement would of course be to reduce expenses and he expressed the hope that his listeners would give the proposition some thought.

Discussing the vocational classification cause the high wages kept men on the jobs in spite of injuries.

### New Bond Bill in Congress

WASHINGTON—U. S. government payment of premiums on bonds for all federal employees required to be bonded is proposed in a bill introduced by Rep. Traynor, Delaware. It is understood to have some organized labor backing.

Traynor says the government could pool the bonding of its employees and obtain 50% reduction from present premiums on individual bonds.

He recently introduced a bill for government to pay for bonds for postal employees, which awaits consideration in the house postoffice committee.

tion of fire risks, Mr. Titcomb said it had been his opinion for many years that this type of classification cannot produce any statistical verification for schedule rating and that it is also misleading for underwriting purposes, as the information produced does not always reflect the actual conditions.

Quoting from a memorandum which he presented to the association's officers 20 years ago, Mr. Titcomb said that he believed some system of classification should be devised whereby the burning ratio could be measured according to the actual hazard for which charges may be made in rating schedules in order to determine more accurately what such charges should be "because everyone knows that at the present time the charges for deficiencies and the allowances for credits as well as the basic rates are estimated and are not made from any classified experience."

### Uniform Rating

Mr. Titcomb said that theoretically there should be no need of a classification system if all the rates were made under a uniform plan but for practical results it would seem necessary that some plan be adopted for use by states and companies. The first essential, he said, in the operation of a model classification plan would be for every state to adopt a uniform rating system, the most complete of which for the measurement of fire hazard is the analytic system now in use by 30 or more states. He said there are certain classes like dwellings and farm property bearing blanket rates which should be and are properly classified but schedule rated risks bear no relation to such occupancies. For such risks as may not be rated by schedule a classification record should be kept by all companies and reported to a central bureau to be accumulated for country-wide results, he said, remarking that this business is just as much of a separate major class as automobile, tornado, sprinkler leakage, etc., and should be so treated.

Mr. Titcomb offered a suggested classification and coding system which he said would not be a vocational classification but consist of the measurements of the hazards as reflected in the rates charged and based on sound values modified by the varying degrees of damageability, construction, occupancy, exposure, etc. He pointed out that the measure of damageability of risks in relation to sound value is important, as results indicate that as sound values increase loss ratios decrease.

### Discusses State Taxes

Turning to the state taxes, Mr. Titcomb advanced the suggestion that all the states repeal laws imposing taxes and fees of any nature on insurance companies, and in place of these enact a simple uniform tax law taxing the companies only on the funds taken out of the state under a simple formula to be agreed upon by all states.

"Is this conceivable?" he continued. "I think so if the general public could be educated and made to realize that more money is being extracted from their pockets through hidden taxes in their insurance rates than would be by direct taxation. Also considering the fact that there may be the liability of government control which would demand uniformity and reasonable rates of taxation. My proposed law would base the rate of taxation on the direct premiums written less return premiums with credit for losses paid and agents' commissions and an allowance of 5% for underwriting profit. The credit for agents' commissions would not be the actual commission paid to the agent but for the purpose of simplification would be estimated at a reasonable fixed amount to be agreed upon by all states."

Mr. Titcomb said that every company should pay something for the privilege of doing business in a state

and should be taxed for the support of the insurance departments according to the actual expense of the departments which would vary in every state. However this would amount to only between 1/20 and 1/10 of 1% of the total premiums. A uniform tax law of the type he suggested would save the state an enormous amount in administrative expenses and make the application of retaliatory laws unnecessary he pointed out, while there would be a material saving of labor and expense in the accounting and statistical departments of the companies and the filing of tax returns with the department at a much earlier date would be possible.

In his opening address, A. A. Dahlberg, assistant treasurer of Sun and president of the association, reviewed the organization's progress during the year. He said the progress has been made possible through the recognition afforded its efforts by the National Board and the Insurance Executive Association.

## ACCOUNTANTS COVER

Discussing accountants' responsibility under the law, George I. Gross of Powers, Kaplan & Berger, New York City, said he had heard that there are indications that American insurance companies are coming into the field of issuing policies covering accountants' legal liability and that he could see no sound reason why American companies should hesitate to issue these policies generally on proper terms if they fully understood the risk. This trend, he said, is a healthy symptom and the accounting profession owes it to itself to clear the confusion and misunderstanding which seems to pervade the atmosphere with respect to the accountants' responsibility under the law.

While it may be determined by the carriers that the risk is greater in the case of accountants than for lawyers, for example, such a difference can be taken care of by a difference in premium, he said. Liability for exposure with respect to claims arising under the securities acts could be excluded or made the basis for a further differential in premium and other protective measures could be enforced by means of appropriate conditions in the policy. Under these conditions he saw no reason why legal liability insurance should not be just as available to accountants as to lawyers, doctors and members of other professions.

### Liability to Employer

As to the accountant's liability to his employer, Mr. Gross mentioned the lack of settled standards and criteria surrounding his professional services and the lack of a large body of precedents to which he may refer, as compared with the lawyer's situation but said the accounting profession is to be congratulated on its efforts to accelerate the formulation of objective standards. Granted that the accountant is reasonably schooled in the art of accountancy and that he possesses the skill essential for the particular tasks he undertakes, he has little to fear if he exercises due care and caution, Mr. Gross said. If he fails to live up to these standards, he has no cause for complaint when he is called to account.

Taking up the accountant's liability to third parties, Mr. Gross said the general rule of law still prevails that where the tort of negligence is concerned the accountant's liability to his employer does not extend to third parties. This principle was enunciated by the New York court of appeals in the case of *Ultramares Corp. v. Touche, Nevins & Company*, decided in 1931. This decision, he said, indicates that the accountant's liability for negligence

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does not extend beyond his duty to his employer under the employment agreement; that the accountant may be legally liable to third parties to rely upon his certification, for fraud, if it contains reckless misstatements or insincere profession of opinion; and that although gross negligence does not amount to fraud as a matter of law, it may be considered by the jury as an evidentiary fact to sustain an inference of fraud.

#### Cites Later Case

Mr. Gross said that in a later New York court of appeals case (State Street Trust Company v. Ernst, decided in 1938) the court held that although in the absence of a contractual relationship or its equivalent, accountants cannot be held liable for ordinary negligence in preparing a certified balance sheet even though they are aware that the balance sheet will be used to obtain credit, they may be liable to third parties even where there is lacking deliberate or active fraud. A representation certified as true to the knowledge of the accountants when there is no knowledge on their part, a reckless misstatement, or an opinion based on grounds so flimsy as to lead to the conclusion that there was no genuine belief in its truth, are all sufficient grounds on which to base liability.

The court held that "a refusal to see the obvious, a failure to investigate the doubtful if sufficiently gross, may furnish evidence leading to an inference of fraud so as to impose liability for losses suffered by those who rely on the balance sheet; in other words, heedlessness and reckless disregard of consequences may take the place of deliberate intention."

#### TAX LAWS

Valdo Volta, assistant secretary Globe & Rutgers, in his paper reviewed the revision of the tax adjustment bill of 1945 in regard to corporations. He explained a provision of the act which provides immediate benefits to corporations whose Sept. 15 and Dec. 15 installments of 1944 taxes are not yet due. Under this provision it was pointed out, the 10% post war credit on the 1944 returns may be applied to the reduction of current tax liability; or if the 1944 tax has been paid in full prior to the enactment of the law, the taxpayer is entitled to a cash refund.

The taxpayer has the option of approximating the loss for the current year and using the estimated carry-backs to reduce or defer unpaid installments on the 1944 tax, or obtain prompt payment under an accelerated refund procedure. Application for refund must be made not later than Dec. 31, 1946, and on or after the filing of the 1945 return under regulations to be prescribed by the commissioner. Prior to filing of the application the taxpayer has the option of requesting a time extension for payment of the 1944 installments until not later than March 31, 1946, or prior date of the commissioner's decision on the refund application. The corporation is subject to a 5% penalty, however, on the excess tax deferred over 125% of the refund applied for.

#### Example Shows Procedure

Mr. Volta used as an example for this case a fire company which after filing its March 15, 1946, returns showing 1945 liabilities of \$20,000 for income taxes and \$30,000 for excess profits taxes,—has losses which will put them in the red for 1946. Their tax accountant determines that carry-backs from 1946 of the contemplated operating loss and the unused excess profits credit will total \$30,000 and can be applied for in their entirety against \$25,000 unpaid 1944 taxes. A sworn statement may then be drawn requesting the collector to grant a deferment of the unpaid Sept. 15 and Dec. 15 installments on the 1945 taxes, such extension not running later than March 31, 1947, or prior date of

the commissioner's decision of their carry-back application.

After obtaining the extension, the tentative carry-back is computed and filed on or after March 15, 1946 but within the taxable year. Upon receipt of an approvable application, the commissioner must refund the excess of the carry-backs over the tax deferred within 90 days. In the case of this company that amount would be \$5,000. In due course, a complete audit will be made of the corporate returns and permissible discrepancies are billed or refunded with interest at 3%.

Others who spoke were J. T. Weston, chief accountant, eastern department, Firemen's Fund, who outlined a program, including control of effort and the flow of work, which would give a clear picture of operations for an executive; W. F. Delaney, Jr., secretary and counsel of American International Underwriters, who explained the procedure in handling reinsurance in the South American republics; L. E. Callahan, manager eastern department "Insurance Field," who advanced some ideas on improving policies and expediting their mechanical preparation; R. M. Beckwith of the Insurance Executives' Association, who conducted an off-the-record discussion of classification and rating; W. D. Hall, actuary National Automobile Underwriters Association, who discussed questions that have arisen with respect to the N.A.U.A. proposed classification plan; and W. N. Titcomb, treasurer of Springfield Fire & Marine, and F. S. Perryman, secretary and actuary of Eagle and Royal indemnity companies.

A. C. Goerlich, educational director Insurance Society of New York, was unable to make his scheduled address because of a foot injury.

#### EXAMINER SPEAKS

The fire business seems to be reaching the stage where cost is equally important as enterprise in determining which company will be successful, said James J. Higgins, senior examiner of the New York insurance department.

In pointing out that this condition may be expected to become more pronounced, Mr. Higgins said that "the accountant should constantly bear in mind that the figures in the accounting records, competently analyzed and tabulated, can become a most important aid to management."

As costs are to a large degree a controllable factor, Mr. Higgins stated that the accountant may find his greatest usefulness in assisting such control by

means of detailed reports of comparative costs.

"Insurance accountants do not in general, concern themselves with managerial statistical reports unless specifically requested to do so by management," Mr. Higgins said, mentioning that certain types of obtainable reports are not requested because management does not know they are available.

The general types of reports advocated by Mr. Higgins were expenses applicable to each department or unit, applicable to certain functions, to sources of business, and to classes of business.

Mr. Higgins then mentioned the difficulties of individual accountants or even single companies attempting to work out their own plan without pooling their information and ideas so that a newly uniformly workable plan may be designed. This could be done most profitably through the Insurance Accountants Association, Mr. Higgins said.

"It is apparent that companies which are keenly alive to the possibilities of statistical information have a competitive advantage over those which are not," Mr. Higgins concluded.

#### Discusses C. P. C. U.

F. Harman Chegwidan, assistant secretary, Camden, and national secretary-treasurer of the Society of Chartered Property and Casualty Underwriters, discussed the possibilities of members of the C.P.C.U. helping to raise property and casualty selling to the level of career professions. Mr. Chegwidan reviewed the history of the movement and emphasized the educational qualifications necessary, stating that the organization has promoted many courses on the property and casualty business in the schools throughout the country.

#### Many Problems Confront Company Executive

(CONTINUED FROM PAGE 5)

supervising official a very clear picture of the situation in each category. The commissioners have not been so exacting with the fire lines but the prediction is made that it will be forthcoming. The public seemingly is demanding more intimate knowledge of insurance transactions.

One of the questions in which the larger companies especially are interested is the feeling that American companies should follow the flag and with the United States as now the chief power its insurance companies should transact business in foreign lands. Undoubtedly marine insurance will loom up in greater prominence. There will be more shipping in American bottoms

and the United States will assume a paramount position in marine insurance activities.

#### TORNADO-HAIL RATES

Companies are sorely perplexed as to what course to pursue with regard to tornado and hail insurance because of the continuous storms and the many losses all over the country. In days gone by there were certain storm areas and companies could dodge them if they desired. Now the whole United States is a storm area and no section is exempt. Extended cover has resulted in thousands of people taking windstorm insurance that never carried it before. It is said for example that in the recent Florida hurricane there were twice as many claims made as in similar storms before. The problem that is confronting companies is whether it will be necessary to increase rates for storm insurance.

There have not been devastating storms this year akin to Houston and Peoria of last year but the losses have been scattered far and wide and there has been a continuous performance. Roofs have come in for the greatest damage.

Whether it will be possible to get a rate readjustment remains to be seen. Undoubtedly the commissioners would want some statistics as to actual storm and hail damage and the premiums. There are many opportunities for imposition on companies through the storm policy. It affords a chance to get roofs and other parts of building repaired when really there should be no liability. Certainly windstorm and hail insurance is no longer a preferred class. Inclusion of hail has caused a serious dislocation of storm statistics.

#### Public Relations

The question of public relations is a perplexing subject. Companies and organizations have spent large sums usually dealing with some advertising agency or professional public relations counsellor. Perhaps a new course will be taken according to some of the executive expressions.

For instance some take the position that while it was announced that research work would be done little seems to have been accomplished so far as creating a more friendly feeling. They declare that what the business needs is a thorough going research laboratory that can study insurance conditions from the policyholders standpoint. New

## PACIFIC EMPLOYERS INSURANCE COMPANY

VICTOR MONTGOMERY, President

*A Capital Stock Casualty Insurer*

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markets for insurance should be found. It should ascertain the public demands and complaints. More and more the opinion prevails that companies should endeavor by all means to meet actual demands and adapt insurance to conditions that may seem unusual. If there is a certain kind of business to be insured and it is honestly operated then the companies should fix the cost.

#### Solved Turkey Coverage Problem

Great furor resulted in the Farm Underwriters Association tackling the insurance of turkeys. Theretofore it had been a nightmare. There was complaint from the banks, the great turkey raisers and local agents. A suitable plan was worked out and now everything is harmonious. Everybody is satisfied. The very hostile sentiment is dispelled.

That shows what can be done under similar conditions. Now the great potato growers are seeking some change in underwriting and handling their product. There are other industries that contend that there should be a review of their situation and a revision should be made.

#### Unfortunate Situation

It is an unfortunate situation many executives declare when companies handle some class of business that grows sour and then refrain entirely from insuring, rather than have the underwriting and actuarial departments study the costs, promulgate a rate that will give some profit and thus give protection desired. Various industries and businesses are entitled to protection. It is up to the companies, the executives say, to map out the program and decide on the cost. However, they must study the peculiarities of each business. There should be no abandonment of any class. It is conditions like that which create public hostility.

#### Irritations Allowed to Grow

Companies allow irritating circumstances to develop and grow into serious conditions. If all the companies find that there is any class of business that they cannot insure then they should not complain if the government takes it over. That would be the natural course. The government must afford protection if the private companies do not. Private companies therefore should go to all lengths in solving these problems of occupational protection.

The problem of an effective public relations program is yet unsolved, but progress has been made.

#### Union Issue Treated at Management Meeting

(CONTINUED FROM PAGE 12)

a saving of at least 10%, he said. Mechanization, if not overdone, can provide a saving and increase the efficiency of the workers. He emphasized the importance of organization structure and centralization of specialized operations. The most difficult and most important field however, is morale or human relations, he said. Training, instructions, and housing and working conditions largely determine the response of the employee to his job and it is necessary that there be an understanding between top management, supervisors, technical specialists, and the clerical workers. He pointed out that they do not speak the same language and that the difficulty of transmitting ideas clearly must be overcome if good relations are to be maintained.

#### Avoid Petty Economies

The office manager should be fully cooperative with reasonable and effective company cost reduction plans, but must try to avoid small economy, Roy S. Mason, office supervisor Fuller Brush Co., told the conference, explaining that the heaviest expense in the typical office is the payroll and if sound personnel practices are not followed other office economy plans will fail.

Perhaps the biggest economy any

manager can make will result from actual testing for applicants, he said. He pointed out that in many cases more careful investigation is usually given to the purchase of an office machine costing a few hundred dollars than to the selection of an operator whose salary will total as much every few months throughout the years of her employment. Careless selection of employees is extravagance and its improvement is one of the most effective office economies.

Mr. Mason mentioned the example of an office worker who has been on the job for a long period of time, but is not suitable material for advancement. Unless salary ranges are established and adhered to this type of worker is apt to get a long series of \$2 raises which eventually bring him far out of line with his value and with what is paid to newer clerks doing similar work.

He said that individual and group incentive plans achieve marked success where they can be applied. However, he stated that only in the largest offices can jobs be standardized enough to make the measurement of production and payment based on it practical.

#### Too Many Private Offices

Mr. Mason criticized the practice of concerns allowing too many private offices and too many private files. He also said that unless there is a large volume of work to be done, mechanization is often harmfully applied. He said that even when the machine seems to speed up the work it is often inadvisable to mechanize unless two or more identical machines are to be used. In that case at least one fully trained fair operator is required. Unless excess capacity in both machines and operators is maintained, machine breakdowns in absence of operators will cost frequent delays and bottlenecks resulting in much nervous strain, expensive overtime and general dissatisfaction, he concluded.

#### Dean B. Snapp Goes to Kansas for National

Dean B. Snapp has been appointed special agent in Kansas for National Fire. He graduated from Armour Institute of Technology in 1933, and went with the Indiana Inspection Bureau for three years. Later he became an underwriter for American in the western department and then served as special agent for Illinois. The past two years he has been technical engineer for the navy, bureau of yards and docks.

Mr. Snapp's headquarters will be at National Fire's Kansas service office at Topeka and will be associated with State Agents MacLean and Scott and Special Agent Egly.

#### Darrell F. Johnson Named Bonds Manager of Excess

Excess has appointed Darrell F. Johnson manager of the bonding department following his recent release from the army where he served as major in the inspector general's department. Mr. Johnson was manager of the blanket bond and burglary department of American Surety in Chicago and later was in charge of the bonding department of Massachusetts Bonding there. Subsequently he joined the New York office of Lumbermen's Mutual Casualty. He was manager of the bonding department at the home office when he entered the army.

#### Trusler to Succeed Roden

C. D. Trusler has arrived in Canada from England and will become deputy manager for Canada of the Commercial Union group. He succeeds H. F. Roden, who is completing almost 50 years in insurance Jan. 1.

William R. Griffin, 64, second vice-president of Commercial Casualty, died in St. Mary's Hospital, Orange, N. J., of a heart attack. He joined Aetna Life when he was 18 and became associated with Commercial Casualty 30 years ago.

## Chicago Surety Men Gather

Amidst much good natured banter and skillful heckling on the part of B. J. Nietschmann, National Surety, new officers were installed by the Surety Association of Chicago at its annual dinner and fellowship gathering Tuesday. Ward Hilton, Hartford Accident, turned over the presidency to H. J. Jeffery, Loyalty group. The slate of officers had been announced previously. L. W. Zuttermeister, Globe Indemnity, reported as chairman of the nominating committee. Especial recognition was given to Edwin Nelson, Standard Accident, for his work as chairman of the entertainment committee.

## Emmco Makes Fight for Mich. State Auto Line

LANSING, MICH.—Protest of the state administrative board finance committee's recommendation that Michigan Mutual Liability be awarded the liability and property damage coverage on the state's motor vehicle fleet has been filed by Emmco Casualty. The committee has scheduled a hearing for Nov. 29.

The Emmco bid was \$14,183, compared to \$20,678 by Michigan Mutual. Secretary of State Dignan said the committee recommendation was based on belief that the Detroit carrier was in a position to "give better service," having more branch offices and representatives throughout the state, on the basis of information furnished the committee. Emmco contends its representation equals or exceeds that of the Detroit mutual.

The award involves some 2,500 cars and trucks, to be covered for \$25,000/\$100,000 P. L. and \$5,000 P. D.

## Casualty Agents Body May Employ Secretary

Proposal to establish permanent headquarters with a paid, full time secretary will be considered by the executive committee of the National Association of Casualty & Surety Agents at a meeting in Chicago Monday.

## Weigh 15% Protected Dwelling Rate Cut in N. J.

A proposal to reduce rates 15% on protected dwellings in New Jersey was discussed at a meeting of the governing committee of the New Jersey Fire Insurance Rating Organization but because of objection of one of the members it was decided to hold another meeting to study his suggestions and evolve a plan for presentation to the full membership.

The matter dates back to about two years ago, when the New Jersey department asked the predecessor organization, the Schedule Rating Office, to work out a plan for protected-dwelling rate reductions. Manager L. A. Watson, after considerable negotiation with the New Jersey department, has evolved the 15% reduction plan, which is said to be reasonable on the basis of the rating organization's figures and to have the department's tentative approval. The department is not pressing for reductions on other classes. Protected dwellings account for about 40% of the New Jersey business, so the reduction would be equivalent to about a 6% over-all reduction in fire premiums.

Assurance Company of America and Great Eastern Fire have been licensed in New Jersey.

W. A. Kunce, St. Louis, supervising auditor for Hartford Accident in eastern Missouri and southern Illinois, has completed 25 years with the company.

Before joining Hartford Accident he was with North America in Chicago for several years as an assistant examiner.

## Big Chicago Contract Bond

The performance bond on the construction of the south side intercepting sewer, contract No. 1, for the Sanitary District of Chicago, has been written by Maryland Casualty for S. A. Healy Co. The contract price is \$10,386,125, making the 50% bond one of the largest written in Chicago in recent years. In addition Maryland Casualty wrote the property damage bond for 20% of the contract price.

The bond is the first to be written under the new type of bond obligation required by the sanitary district, which provides 20% of the contract price as guarantee that the contractor will make good any loss for which he may become liable under a hold harmless agreement. Under the agreement the contractor assumes the liability imposed on the sanitary district by the Illinois public building law. This covers chiefly consequential property damage losses.

There are 16 participating reinsurers on the line. The sewer is of the tunnel type and will run underground beneath the stockyards district.

Liberty Mutual has written a million dollar property damage policy on the contractor's operations for the construction of the sewer and carries the compensation, etc.

## Assessment Notice Too Late, Ohio Court Holds

The Ohio supreme court has held held that policyholders whose insurance has been cancelled are not liable for assessments unless they receive notice of the assessment within one year after cancellation, in the case of Central Mutual of Chicago vs. Hodge-Drive-It-Yourself of Cincinnati.

Central Mutual issued a one year policy to the Hodge company March 1, 1935 and cancelled it in July because of loss experience. In January, 1937, an Illinois court held the insurer to be insolvent and appointed a receiver. The receiver made an assessment against the Hodge firm and notice was received by it February, 1941. The Hodge concern refused to pay. The supreme court decision upholds lower court verdicts in the case.

The court held that the Illinois court's fixing of a policyholder's liability was binding on Hodge under the terms of his insurance contract, but the receiver could not enforce payment because of Ohio law providing that policyholders whose insurance has been cancelled are not liable for assessments unless notice is received within the year after cancellation.

## Hear Safety Council Man

Fred Boynton, executive director of the Seattle Safety Council, addressed the November luncheon meeting of the Seattle Accident & Health Managers Association.

## Name W. E. Taffner Planet Manager at New York

W. Edwin Taffner has been named manager of the fire and marine department at New York of Standard Accident Planet.

He started with North America in 1930. He traveled on Long Island and in 1942 he became Brooklyn manager.

He served in the navy armed guard as lieutenant (j.g.) and was released last August and resumed his Brooklyn job.

## Landon Hill Makes Switch

Landon Hill of Raleigh, N. C., has been appointed manager of the North Carolina Fire Insurance rating bureau. He was former head of the North Carolina Inspection & Rating Bureau.

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# INSURANCE NEWS BY SECTIONS

## MIDDLE WESTERN STATES

### Kennicott President of Illinois Mutual Companies

H. L. Kennicott, secretary of Lumbermen's Mutual Casualty, was elected president of the Illinois Association of Mutual Insurance Companies, which had its annual convention at Peoria Monday and Tuesday.



H. L. Kennicott

Russell Brooks, Stronghurst, succeeds Mr. Kennicott as vice-president. Continuing in office are the secretary, H. P. Hostetter, secretary of Mount Carroll Mutual Fire, and the treasurer, J. T. Wise, Sadorus, secretary of Pesotum Township Mutual Fire.

Speakers included G. A. McKinney, executive vice-president of Millers Mutual Fire of Alton; Mary C. Lueschen, Illinois department of insurance; Mrs. Glenna Watkins, assistant secretary of Indiana Farmers Mutual; T. F. Campbell, Bloomington, assistant secretary United Farm Mutual Reinsurance; Dr. V. N. Valgren, principal agricultural economist, farm credit administration; Morton L. Watkins, Indiana Farmers Mutual; Myron L. Cass, Princeton, secretary Berlin Township Mutual and H. W. Raymond, Chicago, of the legal staff of Lumbermen's Mutual Casualty.

Cash prizes were awarded to eight boys and girls for the best reports on inspection of farm buildings for fire prevention. They were contestants in the association's annual statewide youth fire prevention and safety contest.

Membership in the association includes 189 companies, comprising three-fourths of the mutuals domiciled in Illinois.

### F. C. Reynolds Forms Own St. Louis Adjusting Firm

Frederic C. Reynolds who, prior to the war, was assistant general adjuster at the head office of National Union Fire, has been released from the navy and has opened an office of his own in the Cotton Belt building, St. Louis, as an independent adjuster for fire, marine and allied lines. In the navy he served in the intelligence division in the Panama Canal zone. He had been with National Union 16 years serving at St. Louis, Chicago, and other places prior to going to the home office.

### Increase Detroit's Board of Directors to 15

DETROIT—A proposal to increase the board of directors of the Detroit Association of Insurance Agents from 12 to 15 members in view of the increased membership was adopted at the November meeting in the face of stiff opposition from the floor. President R. W. Wolf, Raymond & Raymond, and Elmer Salzman, secretary-manager, pointed out that there has been a demand for more directors as membership has doubled since Jan. 1.

Opposition declared that a board of 12 is difficult enough to get together and when increased to 15, a larger quorum would be required for the transaction of business.

B. A. Carse, Sibly agency, immediate past president and chairman of the nominating committee, presented the following slate of candidates for directors to

be voted upon at the annual meeting in January: Irving Blumberg, Blumberg Brothers; Fred C. Esper, Rhode agency, present vice-president; Paul Hinckley, Hinckley agency; D. T. Marantette, Detroit agency; P. E. Marion; Frank McCaffrey, Byrnes-McCaffrey, and present treasurer; J. E. Moore; R. P. Neesley; Cass Piotrowski, Piotrowski & Lemke; F. V. Rudd, vice-president Marsh & McLennan; F. J. Schaden; C. V. Underwood and G. M. Zimmermann.

### Shier Heads Mutual Agents

MILWAUKEE—Harold Shier, Reitan-Lerdahl & Co., Madison, was elected president of the Wisconsin Federation of Insurance Agents at the annual meeting of the mutual agent group here, succeeding Roman N. Wagner, Sheboygan. Mr. Wagner was named vice-president to succeed the late William Johann, Sheboygan, and Herman Hinze, Sheboygan, fills the unexpired term of director. Harold P. Otten, Milwaukee, was renamed secretary-treasurer. New directors are: Frank Mongin, Green Bay; Mr. Shier and Mr. Otten. In addition to discussing current problems of their business, the mutual agents heard A. C. Barkow, Marquette University, discuss "Modern Civics and the Atomic Bomb," and John Schlatterer, Milwaukee insurance attorney, speak on "The Agents and Company Responsibilities Under Their Respective Contracts."

### Charlton Lawrence President

Robert Charlton, son of Glenn E. Charlton of the Charlton Insurance Agency, Lawrence, Kan., has been elected president of the Lawrence Board of Fire Underwriters on his return to the agency from the service. He succeeds Ann Stone of the Manley agency.

Mr. Charlton, who is a member of the educational committee of the Kansas Association of Insurance Agents, also has been named to work out arrangements for a short course at the University of Kansas early in 1946. The Kansas association held two summer short course sessions at the university before the war. The new course will be planned to assist the returning GI.

### Marvin Simpson to Make Change

Marvin Simpson who, prior to the war, operated his own local agency at Indianapolis, has now been discharged from the navy in which as a lieutenant he saw service in the Pacific. He is desirous of making a connection with a local agency in a medium sized Michigan or Wisconsin town and temporarily is making his headquarters with the Conkling, Price & Webb agency in the Insurance Exchange building, Chicago. His brother, Kyle Simpson, is a partner in that agency. He graduated from Butler College and Indiana University law school.

### Field Men, Bankers Guests

MINNEAPOLIS—A group of field men and Minneapolis bankers will be special guests at the quarterly meeting Dec. 10 of the Minneapolis Underwriters Association. The bank-agent auto plan film will be shown. George A. Thompson and R. A. Thompson will report on the recent N.A.I.A. convention in Chicago.

### To Decide on Mich. Mid-Year

LANSING, MICH. — Edward L. Moore of Port Huron, president Michigan Association of Insurance Agents, has called a meeting of the executive committee here Dec. 12 to consider plans for the mid-year meeting and a

more complete organization of the educational committee, to assist veterans in an association-sponsored training program.

According to tentative plans, the mid-year meeting will be held at the Pantlind hotel, Grand Rapids, Feb. 12-13, but the executive committee must approve this.

### Bulletin for Missouri Agents

ST. LOUIS—B. G. Gregory, executive secretary Missouri Association of Insurance Agents, is now issuing a four-page monthly bulletin, which is sent to about 2,000 agents and brokers in Missouri. The current issue includes accounts of the N.A.I.A. Chicago convention by John J. O'Toole, state national director, and Mr. Gregory; an article on the bank and agent auto plan, and another on "What Can I Do to Increase My Business?"

### Twin Cities Losses High

ST. PAUL—Fire losses in the Twin Cities this year are almost certain to exceed \$3,000,000, the heaviest in many years. Losses in St. Paul already have topped \$900,000 and Fire Chief Sudeith expects them to exceed \$1,000,000 by the end of the year. Minneapolis losses already are close to \$1,800,000, the heaviest in 17 years, and one or two big fires in December, always a bad month, could easily boost the total to \$2,000,000.

### Bankers Wichita Board Guests

WICHITA—Representatives of all Wichita banks were guests of the Wichita Association of Insurance Agents to see the new bank-agent auto plan film. Dorth Coombs, chairman of the financed accounts committee of the Kansas association, explained the purpose of the film and outlined progress of the Wichita association and Wichita banks in promoting the plan to date.

### Harold Cooley Back in Kankakee

Harold Cooley, who has been a sergeant in the army with overseas service, has returned to the George H. Cooley & Son agency at Kankakee, Ill. He is also associate editor of the "Agents Forum."

### Walther Named in Appleton

APPLETON, WIS.—E. A. Walther was named president of the Appleton Insurance Board. Peter Vollmer is vice-president and Dave Jacobson, secretary-treasurer.

### Automobile Course in K. C., Kan.

The Kansas City (Kan.) Association of Insurance Agents is starting a group study club course on automobile insurance.

### Show Bank-Agent Film in Toledo

Members of the Lucas County Insurance Board in Toledo, the Wood County and Fremont local boards, and officers

### Pheasants Throw Out Convention Plan

Because of the large number of pheasant hunters in South Dakota, it was found impossible for the South Dakota Association of Insurance Agents to get hotel accommodations for its annual meeting at Huron Nov. 19. The officers are now endeavoring to arrange for another meeting.

The South Dakota president is Sam F. Miller of Mitchell. The secretary is J. A. Craig of Mitchell, and the state national director is W. W. Burt of Sioux Falls.

of Toledo banks were guests of the Toledo Association of Insurance Agents at a luncheon meeting at which "The Bank and Agent Auto Plan in Action" film was exhibited.

The Toledo association is planning to hold an educational conference at the University of Toledo early in February, at which time the group will also celebrate its 80th birthday.

### NEWS BRIEFS

Capt. C. Milton Griggs, who has served three years in the air force in the Aleutians, has returned to his former position with the W. A. Lang agency in St. Paul.

Vernon General of Indianapolis has moved its home office to the Insurance Center, 21 North Pennsylvania street. The floor space has been increased 250%.

R. E. Vernor, Western Actuarial Bureau, Chicago, discussed "Fire Safety" at a joint meeting of the Manitowoc and Two Rivers (Wis.) Rotary Clubs.

The St. Paul Association of Insurance Women will hold its Christmas party Dec. 6 at the Y.W.C.A.

Allen Dodge of the Dodge agency, Salina, Kan., has secured his discharge from the navy and is back in Salina.

Wendell J. Reed has opened an agency at Fort Dodge, Ia., representing the State Farm companies. He was discharged from the army after serving 29 months overseas.

The F. R. Bricker agency, Salina, Kan., has been purchased by R. E. Greines.

Judge Robert L. NeSmith, Wichita attorney, addressed the Thanksgiving dinner meeting of the Wichita Association of Insurance Women. George E. Erickson, New Hampshire state agent, Topeka, will speak Dec. 5.

Bosses' night will be held Dec. 10 by the Minneapolis Insurance Women's Association.

## SOUTH

### Urge Big Increase in State Bldg. Cover in Tennessee

NASHVILLE—A committee of local stock agents after making a complete investigation of fire and windstorm insurance on state property has recommended an increase in coverage from \$4,694,400 to \$20,272,375 with extended coverage. Practically no fire insurance is carried on the contents of buildings and the report recommended an increase in coverage from \$352,625 to \$3,163,063 on contents. The capitol is insured for \$100,000 on building and \$20,000 on contents and the committee recommended \$320,000 on building and \$91,600 on contents. Only \$50,000 insurance is carried on the supreme court building and it was suggested that this be increased to \$582,000.

The investigation was undertaken at the request of Gov. McCord and it is indicated that something will be done about it after the report is appraised. Former Gov. Cooper made an unsuccessful attempt to set up a self-insurance plan and actually secured a small appropriation toward such a fund.

### San Antonio Exchange Meets

SAN ANTONIO, TEX.—A report on the N.A.I.A. convention was presented by Secretary F. F. Ludolph to the San Antonio Insurance Exchange. A lively discussion on coercion in placing of insurance by loan companies resulted when a member related an experience in this connection. The consensus

seemed to be that most companies making loans are now allowing the borrower to place his insurance with the agency which he prefers, if he states such a desire.

To get the best results under the bank-agency automobile finance plan, the agent must contact his assured and inform them of the available service, Mr. Ludolph pointed out.

President Walter S. Grothaus has been appointed fire prevention chairman of the chamber of commerce, succeeding C. Oliver Sawtelle, who remains a member of the committee which he has headed a number of years.

President Grothaus announced that new officers will be elected in December and appointed Wm. Lutz, Zork & Lutz; L. B. Joyce, Coleman & Co., and Carlos Coon, Browning, Coon, French & White, as a nominating committee.

## Texas Returning Veterans Interested in Insurance

DALLAS—G. I. Joe in Texas is interested in the fire and casualty insurance business, judging by the number of inquiries being made by men on terminal leave who are talking to Otto Ridgeway, Dallas representative of Fire Insurance Commissioner Hall, and to Alfonso Johnson, manager of the Dallas Insurance Agents Association.

Many of those who inquire about the examination requirements and who are shown the general basic schedule never show up again. No attempt is made to discourage anyone from applying for a license but full information, including the large turnover in licenses and the high infant mortality rate of new agencies, is given everyone interested.

Those who decide to make application for licenses are supplied with the examination manual of some 200 questions and answers on fire and casualty insurance, of which 25 will be asked in the written examination. "The mastery of the manual gives one a comprehensive picture of the insurance business," Mr. Ridgeway said, "and gives him a good foundation on which to build his insurance knowledge. The questions are elementary but practical. The agent or solicitor will need the answers in the first 30 days, so that the required examination merely forces the new agent to learn in advance what he would have to learn soon after he was licensed."

As of Nov. 1, Texas had 4,301 licensed recording agents and 1,555 licensed solicitors. In October 34 recording agents' licenses were cancelled and 68 new ones issued. Only 18 solicitors' licenses were cancelled in October and 56 new ones issued.

## Regionals Held in Virginia

Regional meetings were held by the Virginia Association of Insurance Agents at Staunton, Roanoke and Lynchburg. W. Freeman Dance, special agent Fireman's Fund, discussed "U. & O. and Rental Value Insurance"; Harry W. Levey, Richmond manager National Surety, "General Honesty Insurance," and Marshall C. Speight, executive state agent Virginia Fire & Marine, "Use of Special Coverages as Business Builders."

At Staunton and Lynchburg the film "Bank and Agent Auto Plan in Action" was shown and "Check and Double Check" and "Doubtful Dollars," prepared by Aetna Casualty, were shown in Roanoke. J. Earle Dunford, manager Virginia association, discussed organization plans. T. W. Kelley, Richmond, vice-president and board chairman, presided.

## New Memphis Building Code

MEMPHIS—The city of Memphis will have a new building code, the first in 33 years, effective Jan. 1, 1946, the result of four years of study and effort by a special committee. It clarifies construction rules for large industrial plants by removing the limitation on the area of masonry buildings to 7,500 square feet or to 15,000 square feet if

## Tennessee Agent to Be 100 on Dec. 19

BRISTOL, TENN. — Gen. Julius F. Howell, local agent here, will celebrate his 100th birthday on Dec. 19 at a party staged by the United Daughters of Confederacy. He is the only surviving Confederate soldier in eastern Tennessee.

protected by a sprinkler system. Industrial plants with sprinkler systems are unlimited as to floor area. Aid in formulating the code was secured from the National Board. Representing insurance interests on the code committee were Louis A. Montedonico, Connecticut Fire, and A. J. Wild, consulting fire insurance engineer.

## Dallas Bankers to See Film

DALLAS—Bank presidents and loan men of all the Dallas banks will be guests of the Dallas Insurance Agents Association at a luncheon Nov. 30, when the "Bank and Agent Auto Plan" film will be shown for the first time in Dallas. Company representatives with headquarters in Dallas will also attend. The advertising program of the Dallas agents has been temporarily stopped because the association has been unable to buy newspaper space or radio time, but will be continued when space and time can be purchased, probably after Jan. 1. Individual agents, however, are continuing their direct mail campaign, sending personalized letters to select assured.

## R. S. Begien Returns to A. M. Best

Maj. Robert S. Begien, after spending over 4½ years in the army, has rejoined the staff of the Alford M. Best Co. as southwestern manager, a post which he held for six years before the war. He saw active service in Europe and was awarded the bronze star.

Gene Hanselmann, who has been acting southwestern manager, will take over new territory consisting of Mississippi, Tennessee, Kentucky and Alabama.

## Establish Uniform Dues

OKLAHOMA CITY—After discussing changes in organization policies, the Oklahoma City Insurance Exchange voted to establish uniform dues regardless of size of an agency. The exchange also officially approved proposed city bond issues for improvement and modernization of the fire department and construction of more sanitary sewers.

## Deakins to Kingsport Post

Ralph L. Deakins, who has been with the Wofford Bros. agency of Johnson City, Tenn., 17 years, has now joined the Moore & Walker agency at Kingsport, Tenn. In an article in the Nov. 15 edition it was erroneously stated that Moore & Walker is located at Knoxville.

## Haynie with Seibels, Bruce

ATLANTA—Lahrie H. Haynie, for many years a special agent of the Georgia Inspection & Rating Bureau, has joined Seibels, Bruce & Co. as special agent in the fire insurance division. He returned from service several months ago and resumed his old position with the bureau.

## NEWS BRIEFS

S. Ernest Irwin, Jr., Mt. Pleasant, Tenn., local agent, was married to Mrs. Mildred Griffith Bailes of Nashville at the state capitol, Nashville, by Gov. McCord, a personal friend of the groom.

Jesse Draper of the Draper-Owens Co., Atlanta, who has been in the navy more than three years, has returned to civilian life, now awaiting completion

of his terminal leave. He entered service as a commander and was advanced to captain shortly thereafter.

E. M. Covington, local agent at College Grove, Tenn., and a member of the legislature, has been appointed by Gov. McCord as a member of the state safety commission.

Miss Violet O'Reilly, principal of L. E. Rabouin vocational high school, addressed the Insurance Women of New Orleans on the "Psychology of Appearance."

On Dec. 20 the group will entertain service men at the naval hospital at a Christmas party.

## EAST

## Set Hearing on D. C. Rate Protest

WASHINGTON—Dec. 14 was set for a hearing before Superintendent Jordan on the recent protest of Attorney Paul Cromelin against Jordan's order for reduction of fire and extended coverage rates here. However, there was rumor, about which Mr. Jordan said he knew nothing, that the hearing might be brought forward to Nov. 30. It is believed insurance attorneys might like the longer period that would elapse before the order is due to become effective Jan. 1, in which to prepare for other steps, in case it should be decided to take them.

Cromelin is understood to represent half a dozen District of Columbia fire companies named in his request for a hearing, which also alludes to unnamed other companies "similarly situated."

Some local company executives assert that small companies can not live under the rate reductions and allowances. The reductions, up to 32%, have been declared excessive. The D. C. Rating Bureau itself is not appealing from the order.

Representatives of companies operating in the District of Columbia will meet in New York Thursday afternoon to consider the situation. Notice of the meeting was signed by Harry Hazlehurst, Jr., manager of the District of Columbia Rating Bureau. He said that the order to reduce rates was directed at the companies individually rather than at the rating bureau and hence any action that is taken should be initiated by the individual insurers. He declared that any committee that is appointed will represent only companies that are present at the meeting and that companies that are not represented will be considered as having decided to act independently.

## Veterans Ask Broker Law Change

NEWARK—New Jersey state headquarters of the Amvets, organization of World War II veterans, is seeking action at the next session of the New Jersey legislature to remedy the "injustice" to veterans under present insurance broker laws.

It contends that "under the present laws a veteran who had a broker's license prior to his induction in the armed forces does not get a renewal automatically upon his return to civilian life."

The attorney general of New Jersey has notified the veterans organization that "amendments" to the statute will be prepared.

## To Survey Newark City Insurance

NEWARK—Due to the fact that auditors reported last month that fire insurance on city owned properties of Newark, had increased from \$10,610,000 to \$18,244,000 in the past four years, the insurance fund commission of the city has appointed the Joseph M. Byrne Co., Fielder & Hollister and Stavitsky & Wohlreich agencies to make a survey of the city's properties and ascertain whether the properties are over-insured or under-insured. The commission has also recommended 14 suggestions for improvements in handling the insurance.

It will take several weeks to make the survey.

## "Human Maintenance" in Buffalo

Business men of Buffalo have been invited to attend meetings on Dec. 11, 12 and 13 to discuss "Human Maintenance," the sessions being sponsored by Zurich and the Frank J. Curtin, Deuel, Tapey & Co., Crown, and Moos & Eckis agencies. The subject will be presented by Dr. Victor G. Heiser, consultant of the committee on industrial health of National Association of Manufacturers, and Edward A. Pool, director industrial welfare department of Zurich. Mr. Curtin is chairman of the agents group. The discussions will center about cause and effect in human behavior.

## Samsel Gets Newark Post

National Liberty has appointed Harold J. Samsel, recently discharged veteran, as assistant manager of the Newark office. He first joined the company in 1925, and was appointed special agent for New Jersey in 1938. As commander of a cavalry squadron during the war, he participated in numerous campaigns in Africa and Europe. He was a lieutenant colonel when discharged.

## \$800,000 Baltimore Fire

Fire that destroyed the new seed corn plant of Southern States Cooperative in Baltimore is estimated to have caused a loss of about \$800,000. The seven story brick building was completed last September at a cost of \$650,000. More than 50,000 bushels of grain were involved.

The building and contents insurance is all in stock companies with a reporting form on hybrid seed corn contents. Fire occurred during Sunday shutdown. The origin is unknown but it was not caused by dryer nor electrical equipment. F.C.A.B. is adjusting for the companies.

## COAST

## Reopen Decision on Wash. Liquor Board Cover

OLYMPIA, WASH.—Reports indicate that the state administrative board, headed by Gov. Wallgren, is reconsidering its decision to discontinue carrying fire insurance on the properties of the Washington state liquor control board. Apparently reopening the matter, the board announced that the decision on fire insurance on liquor stocks was "pending."

Luther E. Gregory, liquor board chairman, is making strong representations to the administrative board that an exception be made as to liquor insurance. There appeared also to be some question as to whether the administrative board has authority to direct the board to abandon its past policy of carrying fire insurance on its stocks, estimated at peak to be valued in excess of \$20 million.

In the meantime, the binders of the companies which were awarded the fire insurance on the two liquor board schedules, the warehouses and stores, continue in effect. The business was awarded as of Oct. 1, beginning of the board's new fiscal year.

All other fire insurance policies on various state institutions throughout the state will be permitted to run to expiration, but will not be renewed.

## MacCabe S. F. Fire Manager for St. Paul F. & M. Group

The St. Paul F. & M. group has appointed Richard J. MacCabe metropolitan fire manager at San Francisco. Mr. MacCabe has just returned from service in the navy. He had many years insurance experience in San Francisco prior to the war. He is equipped to give appraisal and engineering service.

Phil Crosby will continue metropolitan

manager bond and development

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## NEWS I

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manager for automobile, casualty and bond and will continue to assist in the development of the fire business.

### To Present C.P.C.U. Designations

LOS ANGELES—C.P.C.U. certificates will be presented at a banquet here of the newly formed Pacific C.P.C.U. chapter on Dec. 5.

Dr. Harry J. Loman, dean American Institute for Property & Liability Underwriters, will speak on "Progress in Insurance Education." Dr. F. P. Woellner, professor of education University of California at Los Angeles, will also talk. The three new C.P.C.U.'s who will receive their certificates are: Rees E. Roston, Charles Jacobs, and Gener Groff, special agent North America.

The Insurance Forum of Los Angeles is cooperating in the event.

### E. W. Case Retires, Foy Successor

LOS ANGELES—E. W. Case, superintendent of the fire department of the Loyalty group in Los Angeles, was guest of honor at a farewell dinner on his retirement from active duty after a long service with the group, more than 10 years of it in the position he now is relinquishing. Fred W. Sullivan, of San Francisco, vice-president and co-manager of the Pacific department of the group, was toastmaster.

Ray Foy, special agent for 10 years in the Los Angeles office, succeeds Mr. Case as superintendent of the fire department.

### Jenner Enters Local Agency

Earle B. Jenner, who has been manager of the engineering department of Stuart G. Thompson-Elwell Co., Seattle general agents, is entering the local agency business there with John F. Snapp.

He started in insurance with the Washington Surveying & Rating Bureau in 1925 after attending the University of Washington engineering school. He served as a surveyor with the bureau until he joined Stuart G. Thompson-Elwell Co. in 1935.

### Downey with Udell in Tucson

Thomas E. Downey has joined the B. L. Udell general agency of Phoenix and will be in charge of a new branch which is being opened at 39 W. Congress street, Tucson, Ariz. He has been a lieutenant in the coast guard and prior to that was special agent for Home in Los Angeles.

### Soderberg Opens Seattle Agency

Lt. John A. Soderberg, who is on terminal leave prior to release from the navy, has opened an agency at 372 Colman building, Seattle. He was special agent at Seattle for America Fore before entering service.

### Gaffney Rejoins Burns Office

After several years in the navy, Lt. Comm. John H. Gaffney returned to Frank Burns, Inc., reinsurance brokerage firm of Seattle, as executive vice-president. John F. Sullivan continues as vice-president.

### Seek Bids on Seattle Cars

The transportation commission of Seattle has called for bids of fire insurance covering its automotive equipment. Bids must specify the rate for one year, beginning Dec. 1. A copy of the policy form must be filed.

### Discuss Contractual Liability

At a luncheon meeting of the Spokane Insurance Association A. S. Brown of the Jones & Mitchell agency discussed contractual liability coverages. An open forum followed the talk.

### NEWS BRIEFS

Bernard S. McCarthy has been appointed manager of the fire, marine and casualty department of the Harry J. Pells agency, Denver.

Clarence Mickelson has returned to the underwriting department of Glens

Falls in San Francisco. He was in the army transportation corps three years.

The new Pacific Coast offices of Atlantic Mutual and Centennial have been opened for business at 361 California street, San Francisco.

J. W. Howes, claim manager, and George S. Howes, agency supervisor of Iowa Mutual and Iowa Mutual Casualty of De Witt, are spending a week in Denver, at the office of their general agent, Harold H. Schlabach.

Edward W. Beasley has been appointed metropolitan manager for Cal-Union Agencies, Inc., in San Francisco. He has just returned from military service.

Miss Ruth Thornberg of the Hinchman, Rolph & Landis general agency has been elected president of the San Francisco Insurance Women's League. Mildred Clayton of the insurance department is vice-president; Betty Wallace, state compensation fund, secretary, and Claudine Buchholz, Travelers, treasurer.

The O. B. Gilmore agency of Tacoma, Wash., has been purchased by Arthur H. Bassett from the Gilmore estate.

The Charles D. Edwards agency, Centralia, Wash., has been sold to M. J. McHenry, formerly of Port Orchard. Mr. Edwards died several months ago.

## MARINE

### Idea of Requiring Ill. Warehouses to Insurer Is Explored at Hearing

The warehouse division of the Illinois Commerce Commission had a meeting with representatives of the warehouse industry at Chicago Monday to discuss what might be done in the way of state regulation to improve fire prevention and fire protection in warehouses and also to explore the question of whether to require warehouses to carry fire insurance for the benefit of their customers.

The final decision was to form a committee representing the various divisions of the warehouse industry including the downstate and Chicago Warehousemen's Associations and the merchandise warehouse organization, to confer with commerce commission people. The only insurance man attending the session was L. H. Kerr of Johnson & Higgins.

Occasionally it develops after fires have occurred in warehouses that the owners of the damaged property have not been insured and have gone on the assumption that the warehouseman was providing the necessary cover. They didn't realize that it is necessary to establish negligence on the part of the warehouseman in order to recover. Under the Illinois law the warehouseman is required either to furnish bond or to carry legal liability insurance on an approved form. The furniture warehouse people have qualified for the legal liability contract but the merchandise warehousemen are required to give bond.

Attorney Louis Lebin was chairman of the meeting. He was assisted by Richard E. Wolfe, attorney, and Elmer Haynes, assistant supervisor of warehouses of the Illinois Commerce Commission.

### Require New Stability Tests

SEATTLE—Due to the loss of several large tuna vessels carrying bait tanks on deck, marine underwriters are now requiring these risks to undergo stability tests, a representative of the Board of Marine Underwriters of San Francisco announced recently while on a visit here.

Underwriters are concerned principally with those vessels carrying large bait tanks, which stand some six or seven feet above the deck and when filled with water and bait are believed to create a stability hazard.

## MOTOR

### Pa. Issues Rules on Finance Cover

Commissioner Neel of Pennsylvania has promulgated, effective Jan. 1, new rules governing the insuring of financed cars. The policies must name the owner and lessor as well as the purchaser and lessee as insured, and the latter must be furnished a policy or certificate insuring him for exactly the same hazards as are granted the owner and lessor.

The policy or certificate must specify the itemized and the total premium. The coverages granted at the rates named in the policy or certificate must be identical with those made available by the insurer in a rate schedule on file with the department.

The equity of the purchaser, any unearned or return premium or dividend or any loss payable must be protected by the insurer. Payments made and checks drawn by the insurer shall be made and drawn to both owner and lessor and purchaser and lessee unless the interest of one or the other has been terminated.

If it is impossible for a company to get out new policies to correspond with this ruling by Jan. 1, the department will consider permitting endorsements to be used.

### Auto Thefts on Increase

Thefts of automobiles and their accessories, mainly tires, continue on the increase, according to automobile insurers and police records.

Although many of the thefts are of the joyriding variety, the proportion of recoveries has become less favorable, indicating that there are thieves that are interested in providing themselves with permanent transportation.

As an indication of the extent of the increase in accessory thefts, there were 440 tire thefts reported to the Chicago police during August of this year as compared with 40 in August, 1944. Tire thefts immediately started to increase when the OPA tire certificate was removed.

### Minneapolis Car Theft High

MINNEAPOLIS—Motor car thefts and looting in Minneapolis this year will cause a total loss of \$700,000, Police Chief Ryan predicts. He estimates the total number of car thefts for the year at between 850 and 900 cars, with an additional \$50,000 in loot taken from them. This year's loss will be the greatest in Minneapolis since 1940, when 1,059 cars were stolen.

### Drop "20-80" Plan on Older Cars

LANSING, MICH.—Michigan auto-writing carriers, according to Walter Munyon, executive vice-president of

Wolverine have decided to stop writing collision risks on cars older than 1941 models under the so-called "20-80" plan, effective Dec. 1.

Experience has been decidedly adverse, particularly on older model cars, which developed exceptionally heavy damage in seemingly minor mishaps, due to intensive wartime service and inadequate upkeep. Loss ratios, it was indicated, have run from 85% upward on this class of business.

The 20-80 plan was devised to replace the convertible plan when the latter was outlawed by the Michigan department as discriminatory.

Early in December, Wirt Wilson & Co., one of the largest and best known agencies in Minneapolis, will move from the fourth to the ground floor of the Builders Exchange building, taking over quarters formerly occupied by the Wood-Nelson Co. agency, which will move to other space on the ground floor.

## CANADIAN

### Alberta May Institute Cooperative Hail Cover

TORONTO—It is considered quite likely that the province of Alberta may shortly institute some measure of co-operative hail insurance. It is now writing fire and casualty insurance through its government insurance offices.

David Ure, one of the social credit members in the Alberta legislature, has been named head of a committee to investigate the possibilities of a co-operative hail insurance plan. He expects to report soon.

The social credit government in Alberta claims that hail insurance, as available from the regular insurance companies, is far too expensive and that the government may be able to provide similar insurance at a considerably lower cost.

Hail writing companies point out that writing hail insurance in the western provinces has been on many occasions an extremely expensive proposition. Many times loss ratios have gone above 100%. "If the government wants to take that chance, then it is quite welcome to it," one executive stated.

Furthermore, the operations of the Alberta government insofar as fire insurance is concerned have not been overly favorable. Recent government figures indicate that operating costs are relatively high and out of proportion to the amount of business transacted.

### War Inspection Work Lauded

TORONTO—Reconstruction Minister Howe has issued a statement lauding the fire prevention work of the Canadian Underwriters Association during the war years.

With John L. Noble, manager of the British Columbia Underwriters Association, as insurance and fire prevention

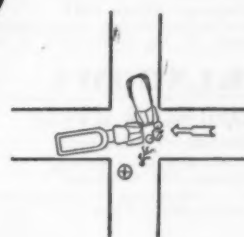
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officer, its groups made 6,950 inspections of government war plants, as well as private plants under government contract. All the expense was borne by the associations and boards supported by insurance companies.

"No one can more than guess at how many millions of dollars of fire damage would have resulted if we had not had the wholehearted cooperation of the underwriters' associations," Mr. Howe said.

#### McGannon C. & R. Vice-President

Corroon & Reynolds of Canada has appointed W. Lawrence McGannon vice-president, succeeding Jacques Marchand, who has resigned of his own accord to take up less arduous duties with the organization. Mr. McGannon also becomes chief agent in Canada for American Equitable, New York Fire and Merchants & Manufacturers.

#### Jeffrey Marine Superintendent

Fire Association, American and Security have jointly appointed Ronald H. Jeffrey marine superintendent in Canada. Prior to service with the Royal Canadian Air Force he was inspector for Ontario. Eric V. Blake, previously fire underwriter, has been appointed special agent for Ontario.

Halifax has appointed John Dore inspector for Quebec province. He was formerly with General Security.

R. S. Brindle of the Vancouver office of Durham & Bates, has been appointed marine manager.

## Ask Insurers to Write Financed Auto Business

(CONTINUED FROM PAGE 3)

with from two to six branch offices operating in two or three states, usually has connections with local insurance companies where it can get coverage.

It is the larger companies that face a real insurance problem, he said.

Mr. Landon suggested that in order to get and keep an insurer the finance company should not shop its account. The insurer should be told the truth—the insurers are hard to fool for very long. Treat the insurance company like a partner and not like a sucker, he advised.

More underwriting can be done by the finance company, Mr. Landon continued. Oversold cars will burn easily when the market starts down. Don't write comprehensive except on new cars. Don't write unsatisfactory occupational hazards. Help settle claims, don't leave it all up to the insurance adjuster.

The only participation in insurance profits in the future will be on the basis of experience, he warned. The big, old line companies, he said, don't want the finance business. It has never been profitable. Why not trade with finance company controlled insurance companies, he wondered. He said that being appointed as agents would not constitute too much of a problem.

#### Word of Encouragement

The finance business has been so bad during the war because of the unusual type of buyer and because the companies did not raise rates on the cash value policy sufficiently, Mr. West suggested. He doesn't believe the finance men should be too discouraged. With shrinking interest returns on substantial reserves, the companies will write business. Stockholders want returns, and these cannot be earned by insurers, who have had a rising fire loss rate, staying away from any large field. He suggested there would be another collision rate increase, perhaps other increases, by next Feb. 1.

The conference companies are leaning toward a formula on financed auto-

mobile business that will provide a top of 20% commission, 7½% or so of it to be paid at the outset of the business and the rest when the experience shown it is justified, Mr. West said. There is a conviction that the commission on lien business should be less than on cars purchased outright.

Collision claims have increased 40% since V-J Day, Mr. Erdmann said. Finance men should underwrite their business more closely. They should write fire and theft only on older cars. The loss ratio on \$50 deductible collision is 92%. New cars are needed to sweeten the business. Rate increases alone will not do the job, he asserted.

Agency as well as finance auto business has been bad during the war, Mr. Snyder said. He predicted that the insurers will be knocking on the front door of the finance companies and taking business once automobiles begin to roll off the production line in quantity.

#### Defense Against Bank-Agent Plan

Defense against the bank-agent plan was outlined at a general meeting of the conference by Clarence L. Landen, Securities Acceptance Corp., Omaha. The auto dealers, he said, should be educated on just how the bank-agent plan and its variations will affect them, and they must see to it that their customers "understand the advantages of handling their times sales purchases the easy, on-package purchase way." Dealers place various kinds of insurance with local agents, and Mr. Landen suggested they not continue to do so if agents take part in the bank-agent or similar plans.

He suggested the banks might do better to loan funds on large amounts to specialized finance companies at average rates of 2% or better, balances considered.

The writing of group or individual life policies to pay the balance due on the automobile in case of assured's death, in connection with financed automobile business, was discussed by Andrew M. Rollins, Prudential; P. M. Anderson, Occidental Life; W. T. Harrison, executive vice-president of Credit Life, Springfield, Ill., and J. H. Jarrell, president of Old Republic Credit Life, Chicago.

## How Arnold Huppert Wows Them

Arnold Huppert of Livingston who is secretary of the Montana Association of Insurance Agents and editor of "Tags," the monthly bulletin of that association, has attained a national reputation for his writing. He indulges in homespun humor. He has a breezy, informal style and a change of pace that is arresting.

One of the best examples of his handicraft is the following from the last page of a recent edition of "Tags."

The last issue of TAGS was printed in Billings.

We think the folks did an excellent job although they took a few liberties with our copy. Well—not exactly our copy but William Shakespeare's.

We went to the library to make sure that Shakespeare said:

The evil that men do lives after them  
The good is "OFT" interred with  
their bones.

But the Billings boys thought that Shakespeare should have said "often" and not "oft."

Which is all right with us. We're not even complaining about the fact called to our attention by Larry Diringier that Russia is taking over Manchuria, China is taking over Korea, and the United States is taking over Montgomery Ward & Co.

Which brought forth the remark from Deasel Williams that it was O. K. with

her just as long as England didn't get anything.

And speaking of Deasel brings to mind that the reason she and Stony were not at the convention was due to the fact that Deasel broke her arm this summer and still has it in a cast.

Among those absent was the faithful attendant Dave Howie, the manager of the Employers group, and his charming wife.

Dave has been seriously ill and he found it essential to resign. C. Otis Flint, the new resident manager for the Employers group, and Special Agent W. L. Simonton were at the conference.

One of the things that cast a gloom over the convention was the information that reached us about the death of Charles F. Burton, a member of our association from Billings.

Our friend Trenbath of Seattle was there representing Mr. Countryman of the Norwich.

510 Sherwood Building, Spokane, will be the headquarters of Douglas V. Iler, special agent of the Phoenix-Connecticut group for the territory embracing eastern Washington, Panhandle of Idaho, and Montana.

And speaking of the Phoenix Insurance Company you know what the word "Restituimus" which appears on the shield that usually appears in that company's advertisement means?

Or the words "Anchora Salutis" that appears on the Commercial Union group shield?

You don't know? Well—well—well.

Neither do we—and maybe neither does the special agent for those groups.

And if he does, could it mean that he made it his special business to find out after he read this?

Oh well—maybe we shouldn't have mentioned it.

The question about questionable appointments came up again at the convention. A year ago the secretary was informed that if any complaints came to him about appointments of agents who really were not representing agents, he was to investigate and contact the offending special agent. If there were any merits to the complaint and if no correction was made the facts, including (Sorry, Mr. Editor, we've run out of space.)



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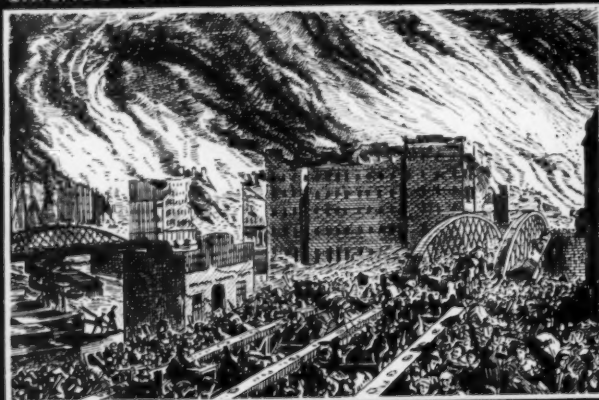
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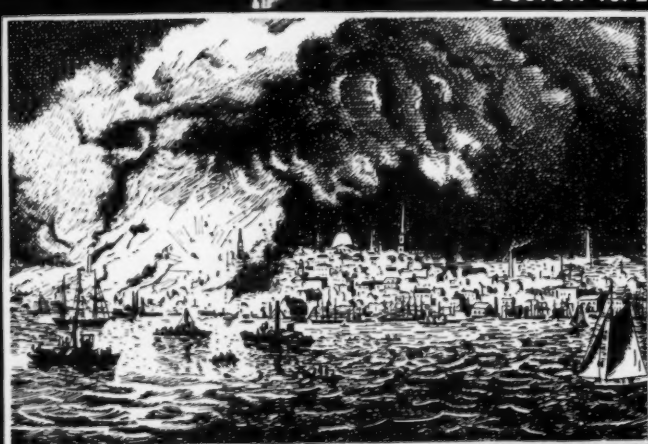
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